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SPECIAL REPORT
RADIO

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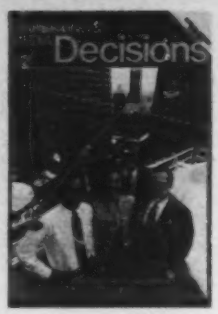


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# NEW IN MEDIA

## A communications report card

From 1979 to 1983, newspapers, cable and pay television, and business information services led the 10 segments of a $50 billion communications industry in terms of five-year growth in revenues, income, cash flow and profit margins, according to the Communications Industry Report, issued annually by Veronis, Suhler & Associates, a New York investment banking firm.

The period measured by the report, from 1979 through 1983, is the latest five-year period for which publicly reported data on most companies in the industry are available.

This year's edition compiles and analyzes income statement and key balance sheet data reported by 226 companies for 293 communications industry lines of business. The companies range from ABC, Gannett and Time Inc., to Dun & Bradstreet, Jones Intercable and Gulf & Western. The 10 industry segments covered by the report are radio and television broadcasting; cable and pay television; business magazine publishing; business information services; book publishing; newspaper publishing; consumer magazines; entertainment programing and distribution; recorded music; and advertising.

The industry as a whole posted 1983 revenues of $50.9 billion, exclusive of results for privately held organizations. It generated $7.6 billion in 1983 operating income and $9.5 billion in operating cash flow. Assets for 1983 totaled $44.6 billion. Five-year revenue growth of the industry was 12.9%, compounded annually, while growth in operating income has accelerated every year since 1979, reaching 20.6% in 1983 over 1982.

The leading industry segments in terms of compound annual revenue growth over the five years are CATV (45.1%); business information services (17.1%); and advertising agencies (15.9%). The industry's bottom three segments are consumer magazines (8.7%); book publishing (5.6%); and recorded music (-0.7%).

For five-year compound average annual growth in pre-tax operating income, the leading industry segments are CATV (35.3%), followed by business information services (24.9%) and newspapers (14.8%). The bottom three segments are recorded music (2.5%); book publishing (2.2%); and entertainment programing and distribution (-0.5%).

## 55 computer books "byte" the dust

After inundating the industry with personal computer magazines, publishers faced a test of endurance in 1984, according to the February issue of *Marketing Technology*, a recently introduced newsletter of personal computer advertising, marketing and research. It is edited by Michael Tchong, a New York-based consultant.

A total of 55 publications failed between January 1984 and January 1985 — a complete reversal of the 1983 market, when the same number were introduced.

Of those magazines which ceased operation, over half (28) were aimed at specific computer brands.

In spite of the softening market — and startling attrition rate among computer publishing ventures — five new magazines are slated to debut in 1985, according to Tchong. Meredith has brought out *Farm Computer News;* Long Island-based CMP Publications is introducing *Computer Retailer's Guide;* and Camden, Maine-located Computer Communications Inc. is unveiling *Data General Micro World*. In addition, the Lotus Corp. is launching a software magazine called *Lotus* and, for the AT&T computer, there is soon to be a new publication from Database Publishing in Austin, Texas, called *ATT Age*.

# FUTURES

## Effects of smoking on productivity

Another study on smoking, you say? If you've second-guessed the results, you may be in for a surprise. According to Response Analysis Corporation (see chart), the Princeton, N.J.-based market research firm commissioned by the Tobacco Institute, smoking has "no significant effect on productivity."

Surprised? Don't be. The conclusion is, in large part, a result of the study's definitions. For one, this report defines productivity as "the ability to do work" — not exactly a quantifiable, economic measure. Most other studies that have ventured to look at the question try to measure the cost of smoking in terms of additional insurance costs or time lost. When a company enforces a no-smoking policy, it's because the executives have discovered it costs their company as much as $10,000 a year to keep that smoker on board.

And that brings us to another point of difference. This study used the untraditional sample base of first-level supervisors in seven industrial categories. Senior vice president Alfred Vogel explains that these managers, who see their employees all day long, are in the best position to gauge performance.

Vogel will concede that the results of the 1,800 interviews are "perceptual, not economic. More people thought smoking has a positive effect on productivity," notes Vogel.

That last sentence is the key to this survey: The results paint a fascinating picture of on-line managers' attitudes, but the picture is perhaps a bit out-of-focus when it comes to resolving the question of productivity.

## Lifestyle approach for healthcare marketing

VALS, the value and lifestyle typology developed by SRI International, is gearing up a new program designed for healthcare companies. According to Kent Mook, director of the New York office, "The program addresses specific healthcare industry issues, using the demographic arrangement of the VALS database."

The VALS database, already in use in about 150 companies, assigns people different lifestyle tags, based on their attitudes toward product decisions. The new HealthVALS, explains Mook, overlays this information with one more element: respondents' usage patterns of healthcare products and services. The program was devised by pooling the three sources SRI International uses in VALS research and using questions such as, "If this condition arose, how would you handle it?" Mook points out that such questions provide an attitudinal perspective specific to the healthcare industry.

A case in point is the difference in attitudes toward health maintenance organizations (HMO's) on the West Coast, where they are popular, and private doctors on the East Coast. "HMO's," comments Mook, "have practically reached the point, attitudinally, where they are regarded as drive-in centers."

SRI International, the Menlo Park, Calif.-based parent, hopes to see HealthVALS in use in 12 companies "to start." Mook says the prospects aren't necessarily healthcare companies, but also include consumer package goods companies "with a foothold in health and beauty aids." He cites the work the company has been doing with Johnson & Johnson, already a VALS user.

Because the VALS database is consumer oriented, Mook cautions that HealthVALS will probably appeal most to consumer marketers. "We've got elements collected from the business segment," he says, "but if your sole marketplace is a hospital, I don't know that this is the system for you."

### Extrinsic Job Factors: Industry Results

"Based on your experience, tell me the effect on productivity or performance of each of the following. Remember we are asking about productivity or performance where you work and not whether the trait is desirable or undesirable for other reasons."

| | All Industry | Contract, Construction | Manufacturing | Transportation, Communications, Utilities | Wholesale Trade | Retail Trade | Finance, Insurance, Real Estate | Services |
|---|---|---|---|---|---|---|---|---|
| Base: (1515) | | (217) | (215) | (215) | (223) | (223) | (215) | (214) |
| **Having people who smoke periodically while working** | | | | | | | | |
| No significant effect | 52% | 58% | 45% | 52% | 60% | 56% | 47% | 49% |
| Negative effect | 33 | 25 | 35 | 36 | 28 | 32 | 42 | 36 |
| Positive effect | 11 | 13 | 14 | 10 | 11 | 10 | 8 | 10 |

# Financial cable nets mean business

**Undercapitalization, a lack of hard audience data, and a general shyness about cable made the financial networks' early days a rough go. Now, these programers are beginning to reap a return on their investment.**

Low audience ratings and non-glamorous, hard-to-handle subject matter have given financial programing the image of a risky buy for advertisers. But the convergence of several developments is beginning to boost the attractiveness of business subjects to planners and programers alike. New video and satellite technology is bringing down production costs of specialized programs while cable beckons with new channels of opportunity. Meanwhile, public reliance has dramatically shifted from newspapers to tv as the main source of business news information. And finally, public concern over economic matters, prompted by the 1974 oil embargo crisis and fueled by "economic collapse" headlines, is demanding up-to-date, detailed, and often visual explanation by the media.

To satisfy those needs, the broadcast networks have expanded their range of business reporting on their nightly news shows. ABC is faring well with its 60-second primetime business insert, *Business Brief*. On PBS, Prudential-Bache is backing the weekly *On the Money*, which joins public television's roster of *Nightly Business Report*, *Enterprise*, and Louis Rukeyser's *Wall Street Week*. The ABC, NBC, and CBS radio networks are offering about a dozen hard-hitting business updates, call-ins, and chatty biz features. CNN Radio is marketing its *Talkabout . . .* series, and Dow Jones' *Wall Street Journal Report* continues to pull in such major advertisers as Dean Witter, Pru-Bache, and AT&T.

*Financial cable shows like CNN's* Moneyline, Biznet *on USA, and* Business Times *running on ESPN, capture prime demographics and hard-to-reach decision-makers, luring pricey goods advertisers.*

But it is ad-supported basic cable which is nurturing a full range of business and economic programs and attracting seductive demographics which advertisers are willing to pay a premium to reach.

By Paul Kagan Associates' account, financial programing generated $20-$30 million of the cable network industry's ad revenue last year. While that figure represents only 4%-5% of the cable nets' total revenue in 1984 of $462 million, financial programing could account for substantially more dollars this year as measurement studies affirm cable's high-end demographic targeting. Cable News Network's senior vice president John Barbera notes, "Financial programing can get $10 CPM's because it delivers that hard-core business target without broadcast's waste. Advertisers can get the same selectivity afforded by business journals but with the impact of tv."

Some analysts and agencies look upon cable financial fare's high CPM's with a more jaundiced eye, pointing to limited audiences and questionable attentiveness levels on narrow-targeted

Continued on page 64

## M & MD'S CABLE FINANCIAL PROGRAMS RATING/CPM COMPARISON

| 11/24 Network Subs; Millions | 11/84 Ratings | House-holds (000) | CPM | $/:30 |
|---|---|---|---|---|
| **MORNING** | | | | |
| (28.1) USA M - F 6 - 7 AM BizNet News | .2 | 56 | $ 6.25 | $ 350 |
| (34.8) ESPN M - F 6 - 7 AM Business Times<br>7 - 8 AM Business Times (R)<br>8 - 9 AM Business Times (R) | est .3 | 104 | $ 9.13 | $ 950 |
| (17.6) FNN M - F 6 - 7 AM Business Today I | * | 53 | $ 6.60 | $ 350 |
| 7 - 8 AM Business Today II | * | | | |
| 8 - 9 AM Money Talk | * | | | |
| 9 - 10 AM Business Today III | * | | | |
| (22.0) Lifetime M - F 11 AM - 12N Smart Money | * | 218 | $ 5.68 | $ 500 |
| **AFTERNOON** | | | | |
| (17.6) FNN M - F 10 AM - 4 PM Market Watch | .3 | 53 | $ 8.49 | $ 450 |
| 4 - 5 PM Moneytalk | .3 | 53 | $ 8.49 | $ 450 |
| 4 - 6 PM Wall Street Final I | .4 | 70 | $10.00 | $ 700 |
| 6 - 7 PM Wall Street Final II | .3 | 53 | $10.37 | $ 550 |
| **PRIMETIME** | | | | |
| (28.1) USA M - F 8PM** Wall Street Journal, Late News Report | 1.8 | 506 | $ 5.13 | $2600 |
| M - F Prime** Wall Street Journal, Late News Report | 1.7 | 478 | $ 5.13 | $2450 |
| (30.6) CNN M - F 7 - 7:30 PM Moneyline | .8 | 245 | $ 8.98 | $2200 |
| M - F 11 - 11:30 PM Moneyline | .6 | 184 | $ 8.97 | $1650 |
| (22.0) Lifetime M - F 6 - 7 PM Smart Money | .4 | 88 | $ 5.68 | $ 500 |
| 11 - 12 AM Smart Money | * | 88 | $ 5.68 | $ 500 |
| **WEEKEND DAYTIME** | | | | |
| (28.1) USA SAT. 1 - 3 PM Wall Street Journal | 1.0 | 281 | $4.98 | $1400 |
| 3 - 5 PM Weekend Memo | 2.2 | 618 | $4.85 | $3000 |
| SUN. 1 - 3 PM WSJ Weekend Memo | 1.5 | 422 | $4.74 | $2000 |
| 3 - 5 PM WSJ Weekend Memo | 1.3 | 365 | $4.79 | $1750 |
| (34.8) ESPN SAT. 9 - 10:30 AM Business Times, | est .5 | 174 | $8.62 | $1500 |
| SUN. 11 - 12:30 PM Mangement Rpt. | est .6 | 209 | $8.61 | $1800 |
| (30.6) CNN SAT. 9:30 - 10 AM Moneyweek | 1.1 | 337 | $8.90 | $300 |
| SAT. 6:30 - 7 PM Pinnacle | .9 | 275 | $9.09 | 2500 |
| SUN. 2 - 2:30 PM Moneyweek (R) | .7 | 214 | $8.88 | $1900 |
| SUN. 6:30 - 7 PM Inside Business | .7 | 214 | $8.88 | $1900 |
| (22.0) Lifetime SAT. 1 - 2 PM Smart Money | .4 | 88 | $5.68 | $500 |
| SAT. 5 - 6 PM Smart Money | .4 | 88 | $5.68 | $500 |
| **WEEKEND PRIME/LATE NIGHT** | | | | |
| (30.6) CNN SAT. 11 - 11:30 PM Pinnacle (R) | .4 | 122 | $9.02 | $1100 |
| SUN. 11 - 11:30 PM Inside Business (R) | .3 | 92 | $8.97 | $ 825 |
| SUN. 2 - 2:30 AM Moneyweek (Not reported) | | | | |

*Negligible **2 Minute Drop-In

business networks during non-prime-time hours. Ira Bernstein, director of programing at Kenyon & Eckhart, claims, "Most high-ticket advertisers can do better in primetime on networks with a greater diversity of audience for business shows, whether that's on CNN or a broadcast network with broader audience appeal." Cranlin and Company analyst Tony Hoffman also questions the value of advertising pricey goods on cable's financial networks. "The CPM's on those shows are astronomical considering the lower-cost options like print. TV is great at announcing consumer products to the great unwashed. But print is better at attracting consumers considering expensive purchases."

CNN launched the cable financial genre in June 1980 with the first live, nightly economic newscast, *Moneyline*. Nielsen's November 1984 measurement showed that program skewed to a higher 7-7:30 p.m. demographic than did CBS, NBC, or ABC's newscasts. *Moneyline* captured 35% of the $40,000+ income viewership; CBS, 18%; NBC, 22%; and ABC, 21%. *Moneyline* also delivered a higher proportion of the higher-educated households during that daypart: 34% of *Moneyline* viewers had four or more years of college; CBS, 20%; NBC, 17%; and ABC, 18%. Although broadcast nets reach a larger audience base, CNN's Barbera claims his network skims off nearly 75% of broadcast's "waste circulation." He notes, "Just as *Business Week* has an advantage over *Reader's Digest* in less waste for the $40,000+ target, CNN captures more viewers in the higher demo. You get greater target for your money."

The news network offers five hours weekdays and four on weekends of financial programing, plus four minutes per hour for updates. *Moneyline*, *Futures Report*, and *Wall Street Update* offer a variety of buying options. Advertisers like Chevrolet, Ford, and Royal Copiers buy one minute spots within *Moneyline*'s half hour, entitling them to a billboard. Product exclusivity is offered to advertisers buying one-and-a-half minutes within the half hour. Barbera says most opt for combination buys in early and late segments.

Shearson Lehman/American Express's sole sponsorship of *Futures Re-*

*port* affords them exclusivity and renewal opportunities. A variety of sponsors like ITT and Wang buy into *Wall Street Updates* through scatter. Wang also buys in the 8 p.m. prime news and the 10:00 p.m. general news to catch the white-collar execs, notes Barbera, who claims 85% of inventory is consistently sold-out.

Weekends, CNN is formatted for anthologies like *Moneyweek*, which analyzes the week's major financial and business news (advertisers include Merrill Lynch and BMW); *Inside Business*, in its fourth year of interviewing business leaders, with original sponsor Lanier as well as Dean Witter and Allegheny Corp; *Your Money*, sponsored by Toyota, which offers daily personal finance advice; and *Pinnacle*, sponsored by Data General, which goes behind the scenes with business leaders.

Dennis Byron, director of corporate marketing communications for Data General, says of *Pinnacle*, "This type of specialization aimed at business-to-business is exactly the type of editorial environment we seek in print as well as cable. The editorial quality and rising subscriber base will be the keys to financial programing's success on cable." CNN cross-promotes *Pinnacle* on *Moneyline* and throughout its various financial news segments.

Barbera emphasizes the importance of merchandising and utilization of corporate distribution channels to promote a show. For instance, Computerland, with CNN's assistance, will offer sales contests to stimulate interest among its distributors in its regional offices. "We're constantly coming up with merchandising ideas to promote viewership and involve advertisers," says Barbera, citing point-of-purchase offerings, mailouts and posters announcing various shows. CNN offers advertisers a minimum of ten on-air promotion spots on the weekend, as well as guaranteeing promotional kick-offs. The network, which generated $45 million in revenues last year, is expected to garner $64 million in 1985.

CNN's future includes futures reporting, an area which vice president/manager of business news Lou Dobbs says has been "a swampy, risk-taking area. We're going to demystify that market and make it as accessible to the public, as is the equity market." To that end, CNN will add live coverage from the Chicago Mercantile and Board of Trade, and the New York Mercantile and Commodities Exchanges. "As tv viewers become more sophisticated about the economy, areas which have been arcane, such as futures and options, will become more interesting. CNN will devote a sizeable portion of its operating budget to report live from exchanges worldwide," adds Dobbs.

Initially hampered by lack of audience measurement to help draw ad dollars to support its ambitious programing and high overhead, two-year-old *Business Times* is now picking up stride. Analysts are projecting profitability this year as data showing high tune-in levels among corporate decision makers lure a "Who's Who" of high-ticket advertisers. *Business Times* delivers its daily Ace-award-winning morning business report and its *Business Times/Wharton Management Report* (tv's first regular management series) over ESPN through a leasing arrangement. As of Nielsen's fourth quarter measurement of ESPN households, *Business Times*' average weekly cume delivery was 625,000 viewers. This does not include viewership during the delayed broadcast (West Coast feed).

The business channel set out to create a tv version of *The Wall Street Journal* or *Business Week*, explains vice president of advertising, Ed Hughes, a former *Business Week* exec. "Our feeling was that the average business manager is deluged by an overwhelming number of magazines. We wanted to consolidate that information and present it to targeted viewers while giving advertisers a way to communicate with a narrow public," he notes.

*Business Times* is the first cable net to commission a study by Opinion Research Corporation, a premium readership measurement service for business publications. This type of documentation is more applicable to *Business Times* than is Nielsen's measurements, which are limited in its upper demographic meter sampling, says *Business Times* vice president of research Ron Schneier. Yet by both Nielsen and ORC tallies, *Business Times* is generating high numbers among selective audiences. ORC's Executive Caravan measures the top- and mid-management of the Fortune 100 companies; its Mid-Executive Caravan surveys top- and mid-management of mid-market corporations ($10 million-$70 million in sales, 100 or more employees). In its third quarter Executive Caravan study, ORC notes that 50% of its sample receive ESPN either at home or in the office. Of those execs, nearly 50% are aware of *Business Times* and 8%-10% are regular viewers. According to its Mid-Exec Caravan, 55% of surveyed execs receive ESPN. Among those, nearly 50% are aware of *Business Times*, and 11% regularly view.

A comparison of *Business Times* with network morning news programs points to the service's competitive potential with broadcast programing. In cable and non-cable homes, *Business Times* accrued a 4.4% regular weekly

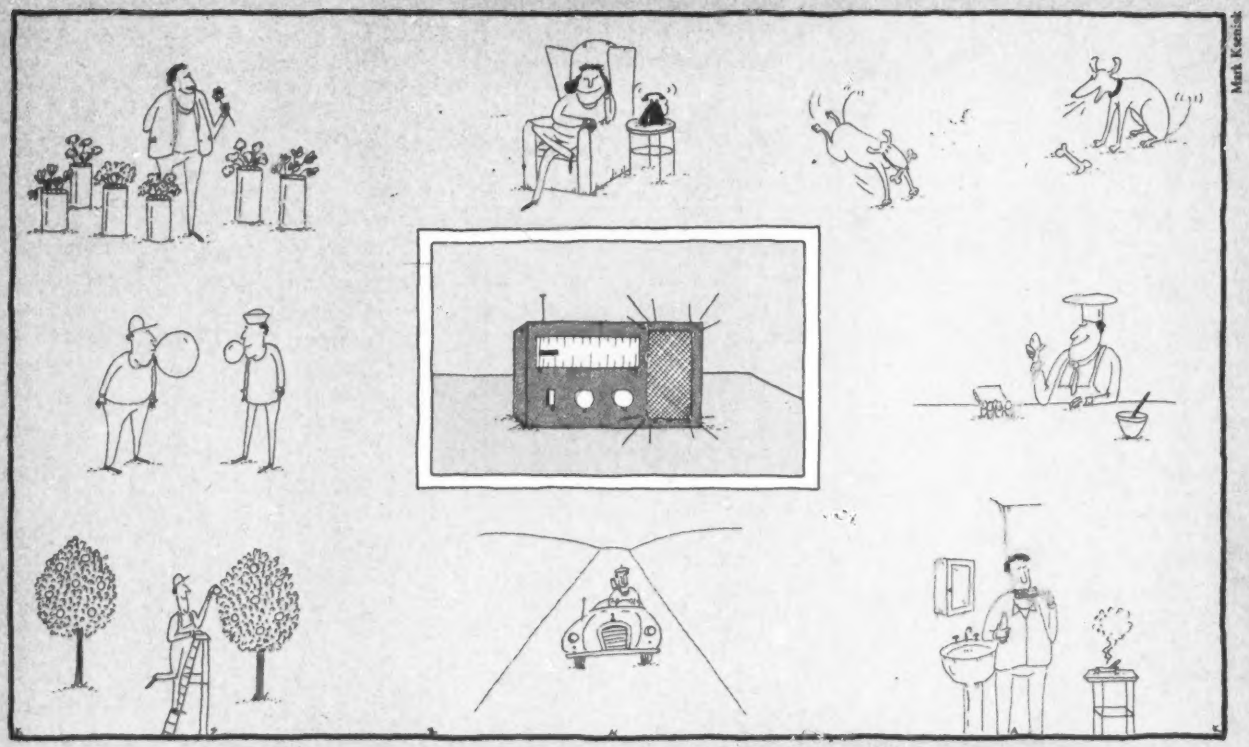
Continued on page 158

**THE FIVE LEADING FINANCIAL MAGAZINES**
**CPM/CIRCULATION**

| Magazine | Circulation* | 4/C Page | CMP (1) | Total Readers** (mill) | CPM (2) |
|---|---|---|---|---|---|
| Business Week (Worldwide) | 857,600 | $45,188 | $52.70 | 5.0 | $9.04 |
| Forbes | 725,727 | 33,760 | 46.52 | 2.6 | 12.98 |
| Fortune | 710,141 | 39,470 | 55.58 | 2.8 | 14.10 |
| Inc. | 551,390 | 32,925 | 59.71 | 1.2 | 27.44 |
| Money | 1,505,964 | 43,785 | 29.10 | 6.8 | 6.44 |

*CPM (1): based upon dividing page rate by average circulation*
*CPM (2): based upon dividing page rate by total readership*
**Audit Bureau of Circulations for six-month period ending December 31, 1984*
***Mediamark Research, Fall Report*

# SPECIAL REPORT
# RADIO




Radio plays its own unique role in the media strategies of national advertisers. In this Special Report, DECISIONS tells who's spending what and where in radio, breaking out the Top One Hundred Spenders in both national spot and network radio.

In addition, DECISIONS has isolated the top 30 product categories in each sphere, providing the top three brand spenders for each category. All determinations are based on data provided from Radio Expenditures Reports for national spot activity, and from Broadcast Advertisers Reports for network radio expenditures of the seven networks it covers.

All in all, 1984 was a growth year for the aural medium. It boasted a 22.2% increase in national spot activity, with volume reaching $1,330,462,742 last year, compared with 1983's spending of $1,108,387,406, according to RER. Network radio, as measured by BAR, had a relatively flat year, with 1984 spending reaching $270,438,700, compared to 1983's level of $263,311,800. That represents an increase of only 2.7%, according to BAR, which only monitored seven of the 21 networks in 1984. BAR will be measuring 15 networks in 1985, with its "new and improved" measurement of the medium.

Radio has its share of enthusiastic users, and DECISIONS talks with four very different kinds of radio advertisers — Campbell Soup, Taco Bell, Ciba Vision and Coors — profiling the why's and how's behind their radio buys. In addition, agency radio buyers sound off about the perils and pitfalls of buying radio, while sellers tell what can be expected in network radio for the upcoming year.

# Agencies and radio: love or hate?

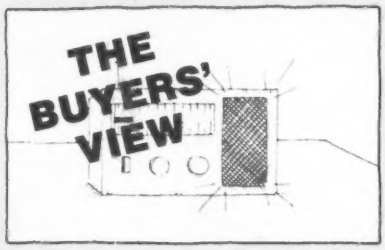
Radio is a highly fragmented, misunderstood medium. Applauded by agency buyers for its ability to effectively reach highly specialized audiences, radio is also booed for its unwieldy mode of operation.

Radio's structure resembles more a maze than an organizational chart. It can be bought in a multitude of forms: directly from the station for a local spot buy; through a rep firm which handles national buys for hundreds of radio stations — either individually, or collectively as an unwired network; or through a wired radio network. Radio networks provide a block of programing for affiliates. They, in turn, give up a portion of their broadcast time for programing with some ad time held back by the nets and sold to national advertisers.

That sounds somewhat like television — and not too difficult — but that's only the beginning. There are some 9,600 radio stations on the air today, programing dozens of different formats, compared with tv's 900 tv stations, of which 600 or so are network affiliates airing mostly one of three network feeds. On top of the local programing options of radio, the medium also offers 21 national network programing services — ranging from 5-minute news snippets to longform concerts — picked up by hundreds of affiliates who will broadcast them at various times of the day.

Instead of approving of all these options, many agency media buyers complain that purchasing radio is too time consuming and confusing. Their biggest gripe is that all too often they are dealing with inexperienced radio reps who do little more than take up their valuable time. And media directors, looking at the bottom line, wonder whether the time spent on making radio buys is worth the bother. Considering the size of most clients' actual expenditures in the medium, many agencies feel the return is not great enough for the amount of dollars being spent. This belief translates into a preference for tv buys which are cleaner, swifter and more lucrative in terms of agency media commissions.

There's no question about it — for New York agencies, radio is simply the tail on a very large tv dog. The statistics on the radio industry's advertising volume prove that the action is not coming from the agencies. Of the $87.4 billion spent in all advertising vehicles last year, $5.8 billion found its way into




radio. And of that $5.8 billion, only $1.45 billion came from the coffers of national advertisers in either network or national spot radio buys. That means that the bulk of radio's advertising volume — about 75% — came from the ma and pa retailers, who plunked down their $5-$10 for a spot on one of those 9,600 stations in the country. (National spot accounts for about 15% to 20% of total radio revenues, while network hovers in the 10% range.)

And that's where radio's share of the total ad volume has been for the past few years, laments Radio Advertising Bureau's senior vice president of communications, Daniel Flamberg. "For radio to gain one percentage point over other media, well, that's a hell of a lot of activity," sighs Flamberg.

But the radio industry is making a concerted effort to find out what needs to be done to better its appeal for national advertisers' dollars. Last month, Eastman Radio, a rep firm, unveiled its survey of agency media directors which was designed primarily to find out just how much agencies were planning on spending in radio this year. It also sought to learn what their attitudes were about radio. Both positive and negative responses were encouraged. Of the 75 respondents, 44 reported that spending in radio would be up 10% or more.

"That is a very healthy statistic for the radio business in 1985," enthuses Carl Butrum, head of Eastman sales. Radio is not without its advantages, according to those surveyed. In response to the question, "What do you think are radio's strongest attributes?" 57 said format selectivity/targetability; 43 cited production and placement flexibility; 31 noted frequency; 31 found radio efficient; 20 pointed to its creative flexibility; 19 said immediacy; 13 thought it was a personal medium; and 10 commented on its reach.

In response to the question, "What are radio's weaknesses?" 36 said its limited reach and fractionalization; 36 found it difficult and/or expensive to buy; 31 did not like its lack of visualization; 12 said radio was inefficient; nine called it a background medium; and six felt that planners don't understand the medium.

Another question asked media directors for suggestions on what reps can do specifically to make radio buying easier. Ten respondents had no answer; nine suggested more selling efforts at the planning level; nine said, "you're doing great already"; eight suggested sell the medium first (station second); six wanted more service; and six said reps should know more about stations/markets.

Butrum concluded from the results of the survey that "client and account

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# Radio nets' strong upfront tempo

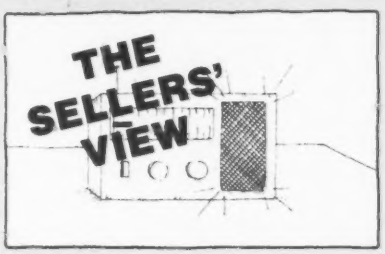
After taking a beating last year, network radio is coming out fighting. Based on a strong upfront season and generally good vibes from advertisers, most radio networks are looking for the kind of double-digit increases enjoyed prior to 1984's heart-stopping 5.5% growth rate.

The blame for that less-than-impressive growth is being laid at many doors. The Olympics and national political conventions of 1984, rather than boosting the fortunes of radio, drained advertisers from radio and sent them to television. The shadow of the "RKO scandals" may have further put the damper on radio buys. Then too, traditional radio networks are having their identities challenged by growing numbers of syndicators with national lineups, as well as "unwired networks," assembled by radio reps. More than ever before, "network" radio and "national" radio buys are coming to mean the same thing. In addition, radio is acquiring new competitors as advertisers seek the kind of closely-targeted marketing associated with such media as direct mail.

There are also a number of reasons for network radio optimism in the coming year, going beyond the absence of presidential elections and the Olympics. The much-touted "specialization" of the traditional networks (ABC, for example, grew from four to seven networks) is now paying off as the newer players reach a level of maturity. While no similarly earth shattering expansion is predicted for the coming year, longform programing continues in a variety of shows, and there remain far more network spot availabilities today than could even be dreamed of a decade ago.

Nationally-known air personalities are continuing their return to network radio, and are bringing loyal listeners with them. Advertisers haven't forgotten that reach and frequency of a combined television/radio buy far exceed that of either medium alone. A gigantic new demographic buy, adults 35-64, looms as a new choice for advertisers as the country continues its "graying" trend. While that demo has yet to be broken down as part of standard ratings reports, heavyweight advertisers like Sears reportedly are giving it more than a modest amount of research attention.

"Last year was a disappointment," admits ABC Networks president, Edward McLaughlin, recalling "a very bad first half, a solid second half and




a very good fourth quarter." Indeed, network revenue growth for the first nine months of 1984 was only about 3%. However, growth in the fourth quarter jumped 13.5% (in December alone, the revenue increase between 1983 and 1984 measured 22.3%), resulting in an overall 1984 growth of 5.5%. Total 1984 network radio sales reached $270.4 million, up from $263.3 million in 1983. According to the Radio Network Association projections, 1985 sales will top 1984 revenues by 15%, which would push revenues over $300 million for the first time in network radio history.

McLaughlin, though predicting a "slightly more conservative" rise of 12%-15% in 1985, is also quite upbeat about networks' prospects. "So far we've seen a very good upfront season, with $140-$150 million upfront, and the real potential for that $300 million gross network revenue year," enthuses McLaughlin.

"We can safely say that radio networks are a lot more vital than they've ever been," says Dick Penn, senior vice president, NBC Radio Networks. "There has been growth in a number of radio networks, and that can only serve marketers better in giving them more options in targeting potential clients. Now we're seeing program suppliers beginning to deliver better as far as national audiences are concerned, and some are developing new areas."

Fueling radio's optimism, says Robert Kipperman, vice president and general manager of CBS' RADIORADIO, are the number of new advertisers coming into the marketplace in 1985. "Radio is perceived as a very strong medium, and with television prices increasing, there's no reason why this growth won't continue," he reasons.

"There were some people who thought there might be a little timidity on the part of advertisers, based on the bad press the industry got during the middle part of last year (at that time, RKO's shortage problems drew national attentjon). But that has not been the case," says Dick Brescia, senior vice president, CBS Radio Networks, and chairman of the Network Radio Association. "I think RKO has done a good job of trying to get their act together and deal with those agencies and clients they felt needed some special attention. For the most part, the advertisers and agencies that had questions had them answered . . . and based on their actions in the fourth quarter, they're putting their money where their mouth is."

Regardless of whether the advertising community's questions have been answered, the well-publicized "errors in charges to advertisers, and in pay-

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# TOP 100 NATIONAL SPOT RADIO ADVERTISERS FOR 1984*

| | Parent Company | 1984 | 1983 | % Change |
|---|---|---|---|---|
| 1. | Anheuser-Busch, Inc. | $38,237,615 | $40,675,474 | (−1.1) |
| 2. | American Tel & Tel | 33,316,321 | 27,949,277 | (+19.2) |
| 3. | General Motors Corp. | 30,835,890 | 29,079,420 | (+6.0) |
| 4. | Van Munching & Co. | 30,650,862 | 14,603,486 | (+109.8) |
| 5. | Pepsico, Inc. | 25,025,258 | 14,204,903 | (+76.2) |
| 6. | Miller Brewing Co. | 20,855,730 | 19,213,578 | (+8.5) |
| 7. | Delta Airlines | 19,321,033 | 15,309,071 | (+26.2) |
| 8. | Coors, Adolph, Brewing Co. | 18,926,904 | 21,577,976 | (−12.3) |
| 9. | Chrysler Corp. | 18,776,568 | 16,651,110 | (+12.8) |
| 10. | Political Advertising | 14,317,130 | 2,650,510 | (+440.2) |
| 11. | Stroh Brewing | 13,447,456 | 10,532,392 | (+27.7) |
| 12. | Southland Corp. | 12,479,386 | 12,146,338 | (+2.7) |
| 13. | Pillsbury Co. | 11,998,574 | 9,639,626 | (+24.8) |
| 14. | American Airlines | 11,993,761 | 8,300,470 | (+44.5) |
| 15. | Ford Motor Co. | 10,798,507 | 12,993,143 | (−16.9) |
| 16. | Midas Mufflers | 9,957,157 | 6,162,009 | (+61.6) |
| 17. | Shell Oil Corp. | 9,940,254 | 2,419,768 | (+310.8) |
| 18. | Sears Roebuck | 9,748,424 | 5,496,631 | (+77.4) |
| 19. | Ralston Purina Co. | 9,616,600 | 8,829,529 | (+8.9) |
| 20. | Zayre Stores | 9,408,809 | 6,926,948 | (+35.8) |
| 21. | Martlett Importers | 9,132,412 | 10,917,262 | (−16.3) |
| 22. | Greyhound Corp. | 9,093,424 | 8,918,623 | (+1.9) |
| 23. | Coca-Cola Co. | 8,654,540 | 8,048,439 | (+7.5) |
| 24. | Apple Computers | 8,381,964 | 2,229,714 | (+275.9) |
| 25. | Nissan Motors | 7,583,457 | 10,880,583 | (−30.3) |
| 26. | United Airlines | 6,802,057 | 14,635,557 | (−53.5) |
| 27. | American Honda Motors | 6,735,788 | 11,035,814 | (−38.9) |
| 28. | K-Mart Corp. | 6,512,338 | 4,866,995 | (+33.8) |
| 29. | Heileman, G. Brewing | 6,483,316 | 5,983,942 | (+8.3) |
| 30. | Gulf Oil Co. | 6,455,853 | 3,683,061 | (+75.3) |
| 31. | IBM Corp. | 6,385,584 | 5,473,961 | (+16.6) |
| 32. | Pennzoil Corp. | 6,317,075 | 3,234,783 | (+95.3) |
| 33. | American Express Corp. | 6,133,105 | 4,685,558 | (+30.9) |
| 34. | Piedmont Airlines | 5,932,786 | 5,548,064 | (+6.9) |
| 35. | Standard Oil of California | 5,920,324 | 4,947,442 | (+19.7) |
| 36. | Eastern Airlines | 5,707,637 | 9,218,198 | (−38.1) |
| 37. | Blue Cross/Blue Shield | 5,702,670 | 2,091,899 | (+172.6) |
| 38. | Bank of America | 5,597,237 | 7,591,225 | (−26.3) |
| 39. | Seven-Up Co. | 5,588,878 | 3,269,194 | (+70.9) |
| 40. | Quaker Oats Co. | 5,480,091 | 1,496,026 | (+266.3) |
| 41. | General Mills, Inc. | 5,351,165 | 6,197,550 | (−13.7) |
| 42. | Columbia Pictures | 5,277,455 | 1,484,638 | (+255.5) |
| 43. | Toyota Motors | 5,262,726 | 3,342,754 | (+57.4) |
| 44. | Woolworth, F. W. | 5,236,852 | 3,714,007 | (+41.0) |
| 45. | Matsushita Electric Corp. | 5,201,918 | 2,415,362 | (+115.4) |
| 46. | Continental Airlines | 5,140,996 | 1,401,471 | (+266.8) |
| 47. | Schering Plough | 5,015,828 | 2,094,101 | (+139.5) |
| 48. | Marriott Corp. | 4,873,041 | 3,545,270 | (+37.5) |
| 49. | Fotomat | 4,866,972 | 5,661,365 | (−14.0) |
| 50. | Northwest Orient Airlines | 4,852,293 | 5,883,621 | (−17.5) |
| 51. | Hormel, George A., Co. | 4,850,528 | 2,120,681 | (+128.7) |
| 52. | Pabst Brewing Co. | 4,837,150 | 4,412,410 | (+9.6) |
| 53. | Howard Johnsons Co. | 4,709,953 | 2,077,146 | (+126.7) |
| 54. | American Oil (Standard Oil of Ind.) | 4,619,081 | 1,264,037 | (+265.4) |
| 55. | Republic Airlines | 4,556,043 | 5,336,725 | (−14.6) |
| 56. | Holly Farms Poultry | 4,502,304 | 2,230,755 | (+101.8) |
| 57. | Farmers Insurance | 4,432,617 | 3,549,379 | (+24.8) |
| 58. | Zales Jewelers | 4,368,982 | 3,404,094 | (+28.3) |
| 59. | General Telephone & Electric | 4,365,889 | 2,457,894 | (+77.6) |
| 60 | RJR Foods | 4,353,874 | N/L | (N/L) |
| 61. | Albertsons Stores | 4,158,666 | 1,223,072 | (+240) |
| 62. | Schieffelin & Co. | 4,057,416 | 4,609,353 | (−11.9) |
| 63. | M/M Products | 4,018,172 | 1,743,493 | (+130.5) |
| 64. | Host International | 3,972,000 | 1,200,266 | (+230.9) |
| 65. | United States Army | 3,928,405 | 2,568,738 | (+52.9) |
| 66. | Canadian Government Travel | 3,851,580 | 1,739,678 | (+121.4) |
| 67. | McDonald's Systems | 3,827,425 | 2,077,305 | (+84.2) |
| 68. | Spartan Food Systems | 3,745,094 | 3,348,583 | (+11.8) |
| 69. | Johnson, S.C., Co. | 3,654,112 | 551,206 | (+562.9) |
| 70. | Union Carbide Corp. | 3,581,172 | 2,847,378 | (+25.8) |
| 71. | Peoples Express Airlines | 3,538,654 | 2,560,737 | (+38.2) |
| 72. | Procter & Gamble Co. | 3,517,434 | 2,796,392 | (+27.7) |
| 73. | Health America | 3,278,292 | N/L | (N/L) |
| 74. | Saga Corp. | 3,223,398 | 2,197,028 | (+46.7) |
| 75. | Kuppenheimer Factory Stores | 3,158,083 | 33,576 | (+9,305.7) |
| 76. | Radio Shack Stores | 3,135,164 | 1,754,850 | (+78.6) |
| 77. | American Dairy Assn. | 3,103,594 | 4,734,316 | (−34.4) |
| 78. | Campbell Taggart | 3,040,924 | 145,573 | (+1,998.9) |
| 79. | Gordon Jewelers | 2,979,055 | 2,577,725 | (+15.6) |
| 80. | Melville Shoe — Thom Mc An | 2,957,759 | 54,865 | (+5,290.9) |
| 81. | General Foods | 2,945,492 | 1,628,324 | (+80.9) |
| 82. | Volvo of America Autos | 2,875,469 | 1,704,310 | (+68.7) |
| 83. | First Jersey Securities-Invest. | 2,817,096 | 3,522,270 | (−20.02) |
| 84. | Hartford Insurance | 2,813,959 | 1,722,953 | (+63.3) |
| 85. | Fine Jewelers Guild | 2,799,818 | 1,585,824 | (+76.5) |
| 86. | MGM/UA Entertainment Co. | 2,791,348 | 782,765 | (+256.6) |
| 87. | Iroquois Ind. | 2,782,827 | 1,327,388 | (+109.6) |
| 88. | Lucky Stores | 2,771,297 | 4,068,079 | (−31.9) |
| 89. | Great Western Savings | 2,745,951 | 2,304,107 | (+19.2) |
| 90. | Trans World Airlines | 2,734,977 | 3,811,435 | (−28.2) |
| 91. | British Airways | 2,722,001 | 2,206,020 | (+23.4) |
| 92. | Kay Jewelers | 2,683,546 | 2,885,573 | (−7.0) |
| 93. | NBC Companies | 2,625,486 | 493,956 | (−431.5) |
| 94. | Safeway Stores | 2,623,933 | 1,721,534 | (+52.4) |
| 95. | New York Times | 2,588,134 | 814,908 | (+217.6) |
| 96. | New York Air | 2,586,801 | 1,135,677 | (+127.8) |
| 97. | Target Stores | 2,558,604 | 2,337,838 | (+9.4) |
| 98. | Tyson Chicken Chunks | 2,551,403 | 284,235 | (+865.6) |
| 99. | Atlantic Richfield Co. | 2,536,422 | 1,837,217 | (+38.1) |
| 100. | Perdue Poultry | 2,523,444 | 2,673,523 | (−5.6) |

* Courtesy of Radio Expenditure Reports data from 2,500 stations in more than 210 markets, supplied to RER by major radio representatives.

N/L = not listed

# NATIONAL SPOT RADIO SPENDING

## Top 30 Categories with Top Three Brands* for 1984

| Category | Brand expenditures | Category total |
|---|---|---|
| **1. Beer, Ale** | | $158,[illegible]5,804 |
| 1. Heineken (Van Munching & Co.) | $12,983,384 | |
| 2. Miller High Life (Miller Brewing) | 12,731,888 | |
| 3. Budweiser (Anheuser-Busch) | 12,289,640 | |
| **2. Airlines** | | 103,907,982 |
| 1. Delta Airlines | $19,321,033 | |
| 2. American Airlines | 11,993,761 | |
| 3. United Airlines | 6,802,057 | |
| **3. Restaurants** | | 87,935,597 |
| 1. Taco Bell (Pepsico) | $ 8,791,792 | |
| 2. Bennigans (Pillsbury) | 7,975,111 | |
| 3. Jack In the Box (Ralston Purina) | 7,919,250 | |
| **4. Cars & Trucks**** | | 75,004,624 |
| 1. General Motors (Buick, Cadillac, Chevrolet, Oldsmobile, Pontiac) | $19,996,011 | |
| 2. Chrysler (Chrysler, Plymouth, Dodge) | 18,705,550 | |
| 3. Ford (Ford, Lincoln Mercury) | 9,447,521 | |
| **5. Public Utilities** | | 46,317,511 |
| 1. Southern California Gas | $ 445,548 | |
| 2. Pacific Gas & Electric | 339,354 | |
| 3. Southern California Edison | 336,580 | |
| **6. Computers/Office Products** | | 45,027,000 |
| 1. Apple Computers | $ 8,381,964 | |
| 2. IBM Corp. | 6,385,584 | |
| 3. Matsushita Electr. Corp. | 3,000,000 | |
| **7. Apparel** | | 44,873,709 |
| 1. F. W. Woolworth | $ 5,191,924 | |
| 2. Zayre Stores | 4,711,852 | |
| 3. Kuppenheimer | 3,158,083 | |
| **8. Gasoline and Oil** | | 43,765,000 |
| 1. Shell Oil | $ 8,950,960 | |
| 2. Gulf Oil | 6,455,853 | |
| 3. Pennzoil Corp. | 6,317,075 | |
| **9. Department Stores** | | 42,304,822 |
| 1. Sears Roebuck | $ 6,502,570 | |
| 2. K-Mart Corp. | 6,430,832 | |
| 3. Zayres Stores | 4,696,957 | |
| **10. Banks** | | 37,809,796 |
| 1. Bank of America | $ 5,597,237 | |
| 2. Greatwestern Savings | 2,745,951 | |
| 3. California Federal Savings | 1,919,123 | |
| **11. Auto Accessories & Parts** | | 36,624,620 |
| 1. Midas | $ 9,957,158 | |
| 2. General Motors | 7,963,781 | |
| 3. Super Shop Automotive | 2,441,185 | |
| **12. Soft Drinks**** | | 31,859,108 |
| 1. Pepsico (Pepsi, Pepsi Free, Pepsi Light, Slice) | $10,869,178 | |
| 2. Coca Cola (Coke, Diet Coke, Fanta, Fresca, Mellow Yellow, Mr. Pibbs) | 8,109,236 | |
| 3. Seven Up Co. (Diet Seven Up, Like, Seven Up) | 5,888,878 | |
| **13. Meats, Poultry, Fish** | | 30,497,586 |
| 1. Holly Farms Poultry | $ 4,502,304 | |
| 2. George A Hormel (various) | 4,447,801 | |
| 3. Tyson Chicken Chunks | 2,551,403 | |
| **14. Grocery Stores** | | 29,615,902 |
| 1. Southland Corp. | $10,997,583 | |
| 2. Safeway Stores | 2,623,933 | |
| 3. Kroger Co. | 2,163,743 | |
| **15. Cosmetics, Toiletries** | | 29,091,792 |
| 1. Soft Sheen, M/M Products | $ 3,048,525 | |
| 2. Taking Care of Business, Alberto Culver | 1,742,295 | |
| 3. Clairol's Summer Blonde | 1,093,063 | |

| Category | Brand expenditures | Category total |
|---|---|---|
| **16. Insurance** | | 27,542,716 |
| 1. Blue Cross/Blue Shield | $ 5,702,670 | |
| 2. Farmers Insurance | 4,432,617 | |
| 3. Hartford Insurance | 2,813,959 | |
| **17. Amusements (motion pictures, broadcast)** | | 25,627,320 |
| 1. Columbia Pictures | $ 5,277,455 | |
| 2. MGM/UA Entertainment Co. | 2,700,404 | |
| 3. NBC Cos. | 2,621,719 | |
| **18. Food Products** | | 25,177,973 |
| 1. Frito Lay (corporate overall) | $ 3,534,562 | |
| 2. Bury-Lu Cookies (Quaker Oats) | 1,433,945 | |
| 3. Chef Pierre Pies (Consolidated Foods) | 1,033,150 | |
| **19. Government** | | 24,638,310 |
| 1. Political — various | $14,317,130 | |
| 2. U.S. Army | 3,928,405 | |
| 3. U.S. Navy | 932,344 | |
| **20. Food Products (other)** | | 20,673,836 |
| 1. Quaker Oats (various) | $ 1,693,044 | |
| 2. Liquor Barn | 1,571,811 | |
| 3. Morton Thiokol Water Cond. | 1,514,894 | |
| **21. Wine** | | 19,835,403 |
| 1. Blue Nun (Schieffelin & Co.) | $ 3,169,175 | |
| 2. Canandaigua Wild Irish Rose | 1,319,753 | |
| 3. California Cooler | 1,225,004 | |
| **22. Fruits & Vegetables** | | 19,792,059 |
| 1. Washington State Apples | $ 2,057,434 | |
| 2. Knudson Food Products | 1,599,855 | |
| 3. Tree Top | 1,477,388 | |
| **23. Drugs & Proprietaries** | | 19,541,742 |
| 1. Schering Plough (various) | $ 2,474,331 | |
| 2. Walgreen Drugs | 2,233,738 | |
| 3. Block Drug | 1,847,505 | |
| **24. Jewelers** | | 18,698,429 |
| 1. Zales Jewelers | $ 4,368,983 | |
| 2. Gordon Jewelers | 2,979,055 | |
| 3. Fine Jewelers Guild | 2,799,818 | |
| **25. Building, Hardware, Paint** | | 17,912,884 |
| 1. Servistar Hardware | $ 2,349,785 | |
| 2. General Mills (Wallpaper To Go) | 2,276,868 | |
| 3. Grossmans Lumber | 1,357,962 | |
| **26. Farm Chemicals** | | 16,986,340 |
| 1. Eli Lilly & Co. | $ 1,844,150 | |
| 2. Monsanto Chem. | 1,477,928 | |
| 3. BASF Wyandote | 1,392,236 | |
| **27. Household Furnishings, Appliances** | | 16,244,751 |
| 1. Levitz Furniture | $ 2,460,581 | |
| 2. Whirlpool Appliances | 1,787,666 | |
| 3. Breuners Furniture | 1,594,192 | |
| **28. Domestic Tourism** | | 16,128,547 |
| 1. Marriott Corp. | $ 3,405,842 | |
| 2. Six Flags Parks | 1,296,473 | |
| 3. Michigan State Travel | 1,030,415 | |
| **29. Optical/Photo** | | 15,572,742 |
| 1. Fotomat | $ 4,883,014 | |
| 2. Eastman Kodak | 1,717,242 | |
| 3. Benson Optical | 1,507,144 | |
| **30. Publications** | | 15,177,005 |
| 1. New York Times | $ 2,588,134 | |
| 2. Playboy | 1,513,883 | |
| 3. Triangle Publications | 1,447,041 | |

* Estimated expenditures provided by Radio Expenditure Reports, from RER's sample of 2500 stations in more than 210 markets, with expenditures from 15 rep firms.

** RER does not break out bottler or dealer expenditures by brand, so it is impossible to determine brand leaders for these two categories.

# TOP 100 NETWORK RADIO ADVERTISERS FOR 1984

| Advertiser | 1984 Spending (million) | 1983 Spending | % Change |
|---|---|---|---|
| 1. American Telephone & Telegraph Co. | 16,343.9 | 9,511.6 | (+71.8) |
| 2. Cotter & Co. | 10,201.3 | 9,647.9 | (+5.74) |
| 3. Jeffrey Martin | 9,349.1 | 21,730.9 | (−56.9) |
| 4. Sears Roebuck & Co. | 8,630.3 | 10,628.5 | (−18.8) |
| 5. Warner-Lambert Co. | 8,143.0 | 7,822.8 | (+4.1) |
| 6. General Motors Corp. | 6,745.6 | 9,410.7 | (−28.3) |
| 7. Purex Indus. | 6,715.0 | 2,787.6 | (+140.9) |
| 8. Dow Jones Co. | 6,430.5 | 8,611.2 | (−25.3) |
| 9. Anheuser-Busch Companies | 6,231.4 | 6,913.3 | (−9.9) |
| 10. Triangle Publications | 5,227.7 | 2,576.5 | (+102.9) |
| 11. Nabisco Brands | 4,938.0 | 4,695.9 | (+5.2) |
| 12. Pepsico | 4,746.1 | 916.3 | (+418.0) |
| 13. Campbell Soup Co. | 4,370.5 | 7,429.3 | (−41.2) |
| 14. Chrysler Corp. | 4,141.1 | 2,858.0 | (+44.9) |
| 15. Abbott Laboratories | 4,016.9 | 885.4 | (+353.7) |
| 16. Procter & Gamble Co. | 3,976.5 | 1,504.2 | (+147.5) |
| 17. State Farm Mutual Auto Ins Co. | 3,723.0 | 2,662.7 | (+39.8) |
| 18. Beatrice Cos. | 3,345.1 | 673.5 | (+396.7) |
| 19. National Distillers & Chemical Corp. | 3,183.6 | (N/L) | (N/L) |
| 20. Johnson, S. C., & Son Inc. | 3,025.0 | 2,526.0 | (+19.75) |
| 21. American Egg Board | 2,959.2 | 993.0 | (+198.0) |
| 22. Conagra | 2,871.3 | 2,146.2 | (+33.8) |
| 23. Hartz Mountain Industries | 2,808.9 | 2,977.7 | (−5.7) |
| 24. Kelly Services | 2,733.6 | (N/L) | (N/L) |
| 25. Honda Motor Co. Ltd. | 2,647.4 | 2,636.1 | (+.43) |
| 26. Florists Transworld Delivery Assn. | 2,548.4 | 1,585.5 | (+60.7) |
| 27. American Express Co. | 2,512.9 | 3,031.2 | (−17.1) |
| 28. Whirlpool Corp. | 2,477.0 | (N/L) | (N/L) |
| 29. General Mills | 2,429.2 | 2,364.2 | (+2.7) |
| 30. Dart & Kraft | 2,380.7 | 3,161.1 | (−39.9) |
| 31. American Home Products Corp. | 2,335.7 | 3,888.1 | (−39.9) |
| 32. Zale Corp. | 2,209.7 | 567.4 | (+289.4) |
| 33. Pitney Bowes | 2,175.1 | 1,975.5 | (+10.1) |
| 34. Greyhound Corp. | 2,057.5 | 1,366.1 | (+50.6) |
| 35. Canon U S A | 2,050.2 | 1,507.0 | (+36.0) |
| 36. Harris Corp. | 1,987.7 | (N/L) | (N/L) |
| 37. Hormel, Geo. A, & Co. | 1,972.8 | 1,398.9 | (41.0) |
| 38. Mem Co. | 1,930.8 | 1,005.2 | (+92) |
| 39. Consolidated Foods Corp. | 1,920.5 | 2,551.6 | (−24.7) |
| 40. U S Armed Forces (Jador) | 1,797.9 | 2,734.3 | (−34.2) |
| 41. Revlon | 1,716.4 | 143.7 | (+1,094.4) |
| 42. Gap Stores | 1,704.6 | (N/L) | (N/L) |
| 43. General Foods Corp. | 1,704.1 | 1,711.0 | (−0.4) |
| 44. Tokyo Shibaura Elec. Co. Ltd. | 1,664.6 | 162.8 | (+922.5) |
| 45. Richardson-Vicks | 1,600.1 | 919.0 | (+74.1) |
| 46. Gulf & Western Inds. | 1,579.9 | 1,265.9 | (+24.8) |
| 47. Copper-Brite | 1,550.0 | 1,050.0 | (+47.6) |
| 48. Chesebrough Ponds | 1,546.0 | (N/L) | (N/L) |
| 49. Ford Motor Co. | 1,525.0 | 7,185.5 | (−78.8) |
| 50. Bristol Myers Co. | 1,520.3 | 1,544.4 | (−1.6) |
| 51. Allied Van Lines | 1,473.7 | 795.5 | (+85.3) |
| 52. Mita Copystar America Inc. | 1,464.4 | 102.9 | (+1,323.1) |
| 53. Gillette Co. | 1,424.5 | 2,691.6 | (−47.1) |
| 54. Schering-Plough Corp. | 1,423.2 | 2,829.8 | (−49.7) |
| 55. Goldhirsh Group of Boston | 1,341.0 | (N/L) | (N/L) |
| 56. Pilot Pen Co. Ltd. | 1,340.4 | (N/L) | (N/L) |
| 57. Johnson & Johnson | 1,325.7 | 1,594.3 | (−16.8) |
| 58. BankAmerica Corp. | 1,301.0 | 1,035.0 | (+25.7) |
| 59. M C A | 1,225.5 | 253.6 | (+383.2) |
| 60. McKesson Corp. | 1,211.0 | 1,150.1 | (+5.3) |
| 61. Phillips Petroleum Co. | 1,200.6 | 891.6 | (+34.7) |
| 62. Sterling Drug | 1,189.2 | (N/L) | (N/L) |
| 63. Nestle S.A. | 1,148.0 | 747.5 | (+53.6) |
| 64. Internat'l Harvester Co. | 1,121.7 | 1,136.2 | (−1.3) |
| 65. Borden | 1,089.2 | (N/L) | (N/L) |
| 66. California Tree Fruit Agreement | 1,076.2 | 1,187.5 | (−9.4) |
| 67. Blue Cross & Blue Shield Assns. | 1,062.3 | (N/L) | (N/L) |
| 68. Goodyear Tire & Rubber Co. | 999.4 | 655.0 | (+52.6) |
| 69. Tambrands | 978.9 | (N/L) | (N/L) |
| 70. American Hardware Supply Co. | 967.2 | 528.8 | (+82.9) |
| 71. Honeywell | 965.6 | 521.2 | (+85.3) |
| 72. Wrigley, William, Jr. Co. | 961.6 | 2,908.0 | (−66.9) |
| 73. Electric Co. Advertising Program | 960.0 | 920.0 | (+4.3) |
| 74. Holiday Inns | 944.7 | 1,536.0 | (−38.5) |
| 75. Sherwin Williams Co. | 942.3 | 370.5 | (+154.3) |
| 76. Showtime — The Movie Channel | 932.3 | (N/L) | (N/L) |
| 77. Eastman Kodak Co. | 904.0 | 726.4 | (+24.4) |
| 78. National Live Stock & Meat Board | 901.3 | 1,136.3 | (−20.7) |
| 79. Avon Products | 898.2 | (N/L) | (N/L) |
| 80. Imperial Group Limited | 892.6 | 269.1 | (+231.7) |
| 81. Sugar Association | 881.1 | (N/L) | (N/L) |
| 82. Bayer, A. G. | 874.0 | 2,660.3 | (−67.1) |
| 83. Hershey Foods Corp. | 869.6 | 396.2 | (+119.5) |
| 84. California Almond Growers Exchange | 842.4 | (N/L) | (N/L) |
| 85. Motorola | 841.6 | (N/L) | (N/L) |
| 86. Searle, G. D., & Co. | 837.4 | 911.0 | (−80.1) |
| 87. 800 Flowers Ltd. | 835.6 | (N/L) | (N/L) |
| 88. Du Pont de Nemours, E. I., & Co. | 817.8 | 771.1 | (+6.1) |
| 89. Ohio Mattress Co. | 815.8 | (N/L) | (N/L) |
| 90. Insilco Corp. | 815.7 | (N/L) | (N/L) |
| 91. Trans World Airlines | 809.9 | 723.2 | (+11.9) |
| 92. Iroquois Brands Ltd. | 805.0 | 582.4 | (+38.2) |
| 93. Continental Telecom | 804.5 | 1,119.0 | (−28.1) |
| 94. Kerr Glass Mfg. Corp. | 780.0 | 770.0 | (+1.3) |
| 95. Noxell Corp. | 750.7 | 868.3 | (−13.5) |
| 96. Pennzoil Co. | 736.1 | 1,631.6 | (−54.9) |
| 97. Castle & Cooke | 716.3 | 409.5 | (+74.9) |
| 98. RCA Corp. | 712.4 | 3,303.9 | (−78.4) |
| 99. Vita Plus Industries | 677.2 | 253.9 | (+166.7) |
| 100. TCF Holdings | 652.8 | 122.8 | (+431.6) |

Data courtesy Broadcast Advertisers Reports, Inc.

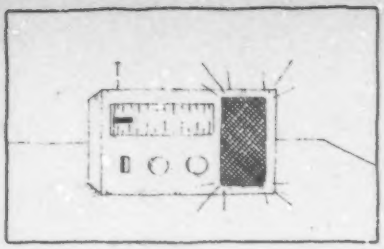
N/L = not listed

# NETWORK RADIO SPENDING

## BAR's Top 30 Categories and Top Brands for 1984

| Category | Brand expenditures | Category total |
|---|---|---|
| **1. Magazines, Newspapers & Other Media** | | **$15,879,700** |
| Wall Street Journal | $ 5,564.6 | |
| TV Guide | 4,227.7 | |
| Inc. magazine | 1,341.0 | |
| **2. Candy & Gum** | | **$12,268,100** |
| Trident Sugarless Gum | 2,017.3 | |
| Bubble Yum Bubble Gum (sugarfree) | 1,274.1 | |
| Certs Mints | 1,131.5 | |
| **3. Hardware Stores** | | **$11,158,500** |
| True Value Hardware | 10,191.3 | |
| Service Star | 967.2 | |
| **4. Long Distance Services** | | **$10,422,200** |
| AT&T Long Distance, Consumer | 10,229.8 | |
| AT&T Long Distance, Business | 192.4 | |
| **5. Copiers/Office Machines** | | **$ 8,234,700** |
| Canon Copier | 2,050.2 | |
| Toshiba Copier | 1,664.6 | |
| Mita Copiers | 1,464.4 | |
| **6. Passenger Cars, Domestic** | | **$ 7,868,800** |
| General Motors (general promo.) | 1,497.7 | |
| Dodge Auto — Omni | 1,218.2 | |
| Chrysler (various) | 956.2 | |
| **7. Miscellaneous Medications** | | **$ 7,681,300** |
| Murine Eye Drops | 2,708.5 | |
| Doans Pills | 1,509.3 | |
| Trololane Hemorrhoid Remedy | 1,308.4 | |
| **8. Beer & Ale** | | **$ 7,584,400** |
| LA Beer (Anheuser-Busch) | 2,035.6 | |
| Budweiser Beer | 1,564.2 | |
| Michelob Beer | 1,404.0 | |
| **9. Department Stores** | | **$ 6,768,200** |
| Sears (multiple products) | 2,306.5 | |
| Sears apparel | 703.8 | |
| Sears auto | 664.5 | |
| **10. Telephone Companies** | | **$ 5,768,700** |
| AT&T Information Systems | 4,992.8 | |
| AT&T (general promotion) | 775.9 | |
| **11. Appetizers, Snacks & Nuts** | | **$ 5,468,800** |
| Frito Snacks, corn chips | 1,781.9 | |
| Lays Potato Chips | 1,312.2 | |
| Ruffles Potato Chips | 1,147.7 | |
| **12. Meats, Poultry, Seafood** | | **$ 5,350,200** |
| Armour Food, Star Ham | 1,206.3 | |
| Spam Meat | 1,007.6 | |
| Armour Food-Star Franks | 843.9 | |
| **13. Medicated Skin Products and Liniments** | | **$ 5,054,200** |
| Cuticura Medicated Soaps | 1,152.7 | |
| Oxy Product 10 Acne Cream | 864.3 | |
| Fostex Cleansing Bar & Gel | 593.2 | |
| **14. Dental Supplies & Mouthwashes** | | **$ 4,537,600** |
| Topol Smokers Tooth Polish | 2,415.2 | |
| Crest Toothpaste (Reg & Gel) | 1,709.1 | |
| Clindmint Toothpaste | 308.1 | |
| **15. Heavy Duty Detergents** | | **$ 4,264,400** |
| Purex Powder Laundry Det. | 2,112.2 | |
| Purex (various products) | 1,267.6 | |
| Purex, liquid laundry detergent & fabric softener | 884.6 | |
| **16. Investment Brokers** | | **$ 4,167,600** |
| Charles Schwab Stockbrokers | 1,301.0 | |
| Dean Witter Reynolds | 1,002.7 | |
| Sears Financial Network | 859.4 | |
| **17. Fire, Casualty & Other Insurance** | | **$ 4,091,900** |
| State Farm, auto | 1,261.0 | |
| State Farm, home owners | 1,122.7 | |
| State Farm, all | 979.0 | |
| **18. Soup** | | **$ 4,021,400** |
| Campbell | 4,021.4 | |
| **19. Milk, Butter, Eggs** | | **$ 3,996,900** |
| Egg Promo | 2,959.2 | |
| Yoplait Food, reg. yogurt | 793.9 | |
| Custard Style Yogurt | 123.5 | |
| **20. Wine** | | **$ 3,921,400** |
| Almaden | 3,183.6 | |
| Bell Adio Wine | 516.8 | |
| Blue Nun | 172.6 | |
| **21. Home Electronics Equipment** | | **$ 3,654,200** |
| Delco Auto, car stereo | 1,918.6 | |
| Bearcat Products, radio/scanner | 520.0 | |
| Curtis Mathes Appliances | 345.0 | |
| **22. Coffee, Tea & Cocoa** | | **$ 3,464,500** |
| Kava Coffee, instant | 1,089.2 | |
| Swiss Miss, sugar free, chocolate milk mix | 540.2 | |
| Folgers Coffee, regular | 512.9 | |
| **23. Creams & Lotions** | | **$ 3,068,000** |
| Soft Sense Skin Cream | 860.3 | |
| Porcelana Fade Cream | 749.0 | |
| Bain de Soleil Tanning | 394.0 | |
| **24. Passenger Cars, Imported** | | **$ 3,044,600** |
| Honda Civic | 725.5 | |
| Honda Accord | 641.0 | |
| Honda (Civic/Accord) | 402.0 | |
| **25. Hotels, Resorts, U.S.** | | **$ 2,941,600** |
| Holiday Inns of America | 994.7 | |
| Howard Johnson Motor Lodge | 892.6 | |
| Best Western | 491.1 | |
| **26. Feminine Hygiene Products** | | **$ 2,918,600** |
| Tampax Tampons | 978.9 | |
| Sure & Natural Maxi Shield | 976.1 | |
| Always Maxi Pads | 560.0 | |
| **27. Commercial Trucks & Vehicles** | | **$ 2,888,800** |
| International Harvest (general) | 1,121.7 | |
| Dodge Pick up & Ram Charger | 956.9 | |
| GMC Trucks (various) | 443.0 | |
| **28. Pet Supplies** | | **$ 2,808,900** |
| Hartz Mountain flea collars | 1,012.4 | |
| Hartz Mountain flea collars/flea powder | 881.1 | |
| Hartz Mountain flea spray | 474.4 | |
| **29. Men's Toiletries** | | **$ 2,777,300** |
| English Leather fragrance | 1,512.8 | |
| Saxon men's after shave | 683.5 | |
| Gambler men's cologne | 330.9 | |
| **30. Employment Agencies** | | **$ 2,733,600** |
| Kelly Temp Services | 2,733.6 | |

Data courtesy of Broadcast Advertisers Reports, Inc.



## AGENCIES AND RADIO

Continued from page 84

teams appear to play a much smaller role than we are sometimes led to believe." But what did come out of this questionnaire was the need to expose the virtues of radio to creative directors. Butrum also found an overall willingness on the part of media directors to listen and to learn more about radio. "They tell us, and they're right, that we are asking them to fight our battle for us all of the time, and that we have to get to the creative department to sell them on the virtues of radio," he adds.

The survey also identified one major problem, "and something we reps should all be concerned about — that only one media director said he used radio because it works. We know radio moves product, but there is a huge job to be done convincing agencies that it does," frets Butrum.

Some agencies, however, don't seem to need convincing, as they are already high on radio and have developed systems to take the sting out of the buy. Needham Harper Worldwide is one of them. In fact, it's hard to find a more enthusiastic supporter of network radio than Needham's Wes Dubin, who is the agency's senior vice president of network tv and radio, based in Chicago.

Needham will be spending about $30 million this year in network radio alone for a list of clients including State Farm Insurance, Armour Dial, Sears, Wrigley, Shasta, G.D. Searle, Kraft, General Mills, Quasar and Campbell Soup. "We do a lot of network radio here, probably disproportionately more than most agencies, because we believe it sells products," Dubin explains.

"It's really fun to negotiate network radio. There is absolutely no other media where there are so many opportunities to extend the value of the buy through sponsorship and merchandising opportunities," he enthuses.

Most of Needham's clients use network radio in conjunction with other media, "with very few using radio as the linchpin of their strategies," adds Dubin. "But they view it as an effective medium on its own, and not just an extension of tv's reach."

At Needham, within the broadcast group which buys network tv as well as network radio, a radio specialist concentrates on just that medium. "Frankly, we can do that, because we have the volume to make it cost efficient for the agency," he admits. "Many agencies find radio difficult and view it as a lot of work for so little in terms of billings. They almost treat it by saying, 'Who can we stick with radio?' " he laughs.

Network radio, he continues, delivers what cable promised in its early days — only better. Dubin points out radio can deliver 90% of the country, compared with cable's 44% penetration. "Cable was supposed to create all of these opportunities which network radio already does, and has been doing for years," he says.

> **"A lot of reps went to cable, and those that are left are either inexperienced or they're just too bogged down."**
>
> JULIE GUERRERO
> associate director of local broadcast, Needham Harper Worldwide, Chicago

But in Needham's local broadcast pit, spending on spot radio has dropped to 10%-12% of total broadcast billings, reports Julie Guerrero, associate director of local broadcast, in Chicago.

At one point, spot radio billings had represented 20%-30% of total local billings. The drop came when Anheuser-Busch recently moved its local buys to D'Arcy, St. Louis, which will be purchasing for all A-B brands' local radio spots directly from stations. While Needham is indeed agency of record for Michelob Light, Budweiser Light and Busch Beer, A-B is attracted to the direct buy which avoids the layer of red tape in dealing with the reps. "A lot of reps went to cable, and those that are left are either inexperienced or they're just too bogged down — they represent too many stations in too many markets," says Guerrero. What Guerrero likes, however, are the unwired networks. Talking about the McGavren Guild, Katz, Selcom and Blair unwired efforts, which facilitate local buys by packaging stations into one buy, Guerrero virtually becomes rhapsodic. "They put their very best salespeople and managers into the negotiation," she begins. "At the time I was making a buy for Anheuser-Busch, which we no longer handle, I told them I needed 39-40 markets to reach a young, male demographic, but that I had to be very careful about not getting the 12-17 year olds. I told them what kinds of stations I wanted and insisted on a veto option. Any station that they presented which I didn't want, I could simply veto and say no. They let me pick the stations I wanted. The ease was just incredible, and I got what I wanted," she happily relates.

Guerrero thinks that radio is much more interesting to buy than tv which "is just numbers." Radio, she believes, offers flexibility and promotion opportunities, but she notes that some clients, "and we have them here," don't even want to hear about radio. "They like tv because it makes them appear bigger than they are," she says.

Still, as enthusiastic as Needham's media specialists are about the promotional value of network radio, other agency buyers find it can be troublesome. At Foote, Cone & Belding, New York, David Lerner, a broadcast supervisor who handles network radio for Levi Strauss, offers some cautionary notes.

For Levi's, Lerner is looking for longform sponsorship events, not random radio spots. "We look for marquee value and we are very concerned with exclusivities," he explains. "The promotional values of the buy are important and play a huge role in the negotiations and the final price we pay."

"Sometimes, though, it's very hard to get that merchandising help promised by the networks. Sometimes they don't deliver. We have to check to see that they really did give away those 10,000 t-shirts they promised as part of our deal," he sighs.

Furthermore, network radio con-

# THE RADIO BUYER'S PERSPECTIVE

Last April, Major Market Radio Sales, a New York-based rep firm, asked me and some other agency radio buyers to form a radio advisory board.

Major Market developed this advisory board as a forum in which radio buyers can air their views and see the perspectives from the sell side. These views represent the day to day dealings of buying radio and the problems that are inherent in the course of negotiations.

At the first official meeting in New York last April, Warner Rush, president of Major Market, made it clear that the board would not be self-serving to the interests of Major Market. All topics discussed, all findings, and any suggestions would be disseminated among all the major rep firms and the subsidiaries. And our topics ran the gamut.

One of the most common problems we at agencies share is dealing with inexperienced salespeople. There was a general consensus among the buyers that many rep firms assign inexperienced salespeople to their shops. These men and women lack not only sales ability but a basic knowledge of what they are selling. It's embarrassing to tell a salesperson that, "Yes! You do represent a station in a certain market. It is on your list."

The problem is not one-sided. Too many agencies assign their radio buying to inexperienced tv buyers. These lightweights are intimidated by the number of radio stations in a market and resort to closet buying to escape responsibility.

Topic number two is the importance of pre-sell and timing. For example, as it happened, a salesperson had a new station to discuss. We set up an appointment and she came prepared with a taping of a local news show highlighting the new station. We discussed the market and a few weeks later she brought in the station sales manager. More talk and more interest. By the time the buy came down, she had generated the necessary excitement to induce me to use the station. It was a fine example of pre-sell, and very much appreciated by me because she respected my time and responsibilities and timed her calls accordingly.

Negative sell is another issue and it's an unpleasant one. Nobody enjoys hearing stations constantly denigrated, particularly if this is the salesperson's main selling tool. If these stations are such "dogs" then why use radio in the first place? "Let's transfer the advertising budget to tv or print," becomes the

*Dennis McGuire, spot radio supervisor, Cunningham & Walsh*

refrain. In that scenario, we all lose — the stations, the reps, the clients, and those agency personnel who are committed to radio because it's an effective advertising medium.

Granted, there are cases when a competitive station's poorer points should be mentioned: commercial clutter; a down-change in on-air personalities; erratic ratings. However, these are minor issues. I want to say to the salesperson, "Sell me the advantages of using your radio station because it's good and not because it's the best among a bad lot."

The fourth topic concerns the lack of radio pricing information. In the past, radio stations were understandably apprehensive about publishing their rates because of Arbitron's billing procedures. The higher the station rate, the higher Arbitron's bill would be. However, I understand that this is about to change. Regardless of Arbitron's policies, the lack of published rates is a deterrent to utilizing radio. Too often agency personnel are frustrated in their attempts to get a feel for the costs in a list of markets. A couple of phone calls are no big deal when you're only interested in a city or two, but when you have a list of ten or more and need the info "ASAP," the job is frustrating. It's common to find four or five of the top stations in a market not listing their rates. The planners' natural inclination is to avoid a medium that appears uncooperative, and the absence of rates is perceived as a hedging ploy on the part of the stations. Bottom line: Why bother?

The last point is the charging of different rates for different demographics. This is a thorny issue and has generated a lot of discussion in our group. Conceptually, the idea of a varying rate structure based on account or demographic is a sound one. However, in the practical analysis, the buyer in me balks at paying a higher rate for one product because the station has my audience and a lower rate when it doesn't. There's an underlying feeling in the buyer that the rate he is quoted is not the best and this leads to mistrust.

I had an instance where I was quoted wildly diverse rates for two non-competitive wines and a soft drink. Needless to say, the salesperson was horrified when I tried to apply the lowest rates for all three products. Is there a solution? Not yet. However, greater dialogue between the salespeople and the buyers on the subject can prevent the problem of mistrust from developing.

With time, a lot of discussion, and feedback from other agency personnel, as well as from the representatives and managers of stations, we feel that we can make the buying and utilization of radio spot time a more efficacious and profitable venture for all concerned.

*Dennis P. McGuire*

"In MMR, HBR showed a higher percentage of affluent adult readers* who bought home computers valued at $3,000 or more during the past year than *Omni, Science Digest, Discover* and *Scientific American.*"

*With household incomes of $40,000 or more.

Harvard Business Review

New York NY 212 9724740
Boston MA 617 4956182

certs, which are of major interest to teen-oriented Levi's, are difficult to buy upfront. "First of all, teens are fickle, so who's to say whether the talent you buy now for July will still be popular," he says. Another pitfall in these kinds of buys is that the rock stars have been known "to suffer from temporary chemical imbalances and may back out of a performance or an entire tour," he warns.

McCann-Erickson's former director of national broadcast, Dan Riordon, offers points to consider when buying network radio. "You have to work very hard to get the information from the radio networks in a usable form," advises Riordon. His major complaint is that some network salespeople leave entirely too much work for the agency to handle. "Sometimes they really don't help in expediting the buy," feels Riordon. "They'll say, 'Here's a printout of our lineup in every market for an 18-plus audience,' and I say, 'That's all well and good, but 12-34 is my target.' " The problem, he states, is that "there isn't much feedback." But he adds that this situation is more common with inexperienced salespeople than with the industry as a whole. Part of the problem stems from the fact that "radio lost many good salespeople to the promises of cable in the early days. While that's good for cable, it left a void that's being filled by some pretty inexperienced sales people," he believes.

Like others, Riordon is of the opinion that buying network radio is a very time consuming process. "This is because you're dealing with all the lower unit costs and buying so many specific things — events, concerts, that kind of thing," he explains.

Nevertheless, McCann will increase its network radio billings this year in the neighborhood of 30%-40%, predicts Riordon. "Network radio is coming back. The first quarter market was very tight because there's a higher acceptance of that form from the clients who appreciate the sponsorship opportunities," he explains.

Riordon handled unwired network buys in his department at McCann-Erickson. Unwired network is often handled in agency's local spot broadcast departments, but because of McCann's regional focus in spot buying, the unwired network buy is made out of the network group.

In Eastman's survey of media directors, 42 respondents said they were buying unwired networks — which is a package of 25-50 markets offered by a rep firm like McGavren Guild's Internet via one coordinated buy, with one billing. The buy is quite a bit easier and can often be cost advantageous.

Respondents cited a number of benefits in using unwired radio networks — ease of purchase, time savings, better rates, better control, targetability, merchandising and selectivity factors. On the negative side,

> **"They view it [radio] as an effective medium on its own, and not just an extension of tv's reach."**
>
> WES DUBIN
> senior vice president
> of network tv and radio,
> Needham Harper Worldwide, Chicago

they said unwired networks don't really save money, are not effective for specific target groups, result in buying stations that they didn't want, and that they lost control of the buy because of uncertain clearances. Nonetheless, those surveyed felt that unwired will become a bigger factor in the future.

Currently within the McCann-Erickson media world, Laura Silton, senior vice president and general manager of Media Investment Services, shepherds national spot radio buys. Silton manages nine MIS units, based in seven of McCann's regional offices, which account for $200 million in spot tv, spot radio and local cable billings. "While radio is more complicated to buy properly, partially because it just comes up less often than tv, we buy radio very well," Silton says with some pride. McCann's spot radio clients include Coca-Cola, Lufthansa, Nescafe, Pabst, Sony, Seattle First National Bank, Texas State Optical, California Milk Advisory Board, Chevron, Pacific Gas & Electric, and Wells Fargo.

Their reasons for using radio are as diverse as the list of clients itself. Some use radio to supplement their tv buys; others, like Lufthansa, use radio as their primary medium in conjunction

"Mendelsohn reports HBR delivers 6.6 affluent adult readers* per copy – more than *Business Week, Fortune, Forbes, Dun's Business Month,* and the *Wall Street Journal.*"

*With household incomes of $40,000 or more.

Harvard Business Review

New York, NY 212-972-0740
Boston, MA 617-495-6182

with print. Client Coca-Cola, meanwhile, uses radio to reach the teenage audience. Coke has just created 2-minute, 90-second and 60-second versions of a new campaign aimed at teen radio audiences. The ads are entitled, "WCOKE" which are a series of vignettes about a mythical radio station, and feature the Cokettes, a Supremes-like rock group.

McCann has an unusual department structure for purchasing spot radio. Being market specialists, the buyers take a market rather than account approach, meaning that they are more aware of the competitive activities going on in their local areas. Also, McCann is an agency where buyers do both radio and tv, unlike "some agencies which separate radio buyers from the tv buyers, and where planners seldom see radio reps," notes Silton tartly.

> **"I think you can better target your audience with spot. What you're getting with unwired is ease in exchange for very uneven delivery."**
>
> LAURA SILTON
> senior vice president and general manager of Media Investment Services, McCann-Erickson

Indeed, Silton is of the opinion that the RAB should become more active in getting radio's message across to the planning departments. "It's really not the job of the reps. They have their own stations to worry about," asserts Silton. "It is the job of the RAB to more actively promote the medium." Silton seems glad that unwired is not in her corner, "because I'm not personally impressed with those kinds of deals. I think you can better target your audience in spot. What you're getting with unwired is ease in exchange for very uneven delivery. And it's very hard to reach your goals on that basis," she explains.

Like most agencies, according to Eastman's study, McCann determines cost per rating point on what it has paid on previous buys, rather than relying on "Media Market Guide," a published report, or relying on phone calls to reps to plan rates. "We determine CPM's by what we've already paid, and then negotiate with certain reach and frequency goals in mind," Silton explains. "Then we use the cume rating method, taking various cells and balancing them out to come up with a dozen combinations to reach the target. We negotiate and go with the cheapest combo," she outlines.

Over at Dancer Fitzgerald Sample, Sam Michaelson, vice president and associate buying director for radio, reports that the agency will bill $12 million in network radio this year and $34 million in spot, but will not reveal whether that spending level is above or below last year's levels. Dancer's biggest radio clients include L'eggs, Life Savers, Lorillard, Molson Golden, Republic, Toyota and Wrangler.

To facilitate buys, DFS's Michaelson would like, in addition to more time, added market and rate information and "more seasoned radio rep professionals."

To make sure radio gets its due, Michaelson sees to it that DFS planners are well-versed in the ways of radio. "We have a continuing program of workshops aimed at all levels of personnel to introduce plus update them to all facets of radio," she explains.

Unlike McCann, Dancer is not purchasing unwired radio networks. "We evaluate them when appropriate and have purchased them in the past," she notes, but the agency has not bought any recently because the need has not arisen.

Though it seems that nearly everyone has his hangups about radio, Joel Kaufman, manager of local broadcast at Foote, Cone & Belding, New York, wants it known he is one of radio's biggest fans. "I've been buying radio for 20 years and I really have no problems at all," he declares. Kaufman handles the agency's New York market spot buys. "If you get a particularly weak salesperson, then the more experienced salesperson will outsell them, and you'll never see the inexperienced one again," he says.

"The data are fine; our planners at Foote, Cone & Belding know radio; there is no agency bias against it; and I have no problems with negotiations. For me, it's just not difficult at all," concludes Kaufman.

*Marianne Paskowski*

"Of the 64 publications surveyed by Mendelsohn, the top four delivering the most affluent readers per copy are *Town & Country, Architectural Digest, Financial World*—and HBR."

Harvard Business Review

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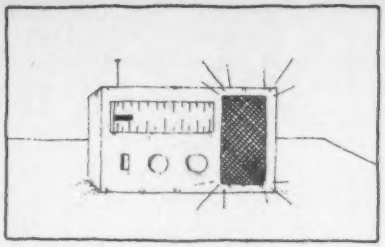


## RADIO NETWORKS

Continued from page 85

ments to certain affiliated stations, during 1983 and 1984" by RKO General's RKO Radio Networks subsidiary, continue to have a significant impact on the network radio business. RKO Radio Networks were put up for sale and finally bought by United Stations. Before Arthur Kriemelman, who was vice president, director of sales for RKO Radio, resigned from that job to become vice president director of marketing for Westwood One, he reflected on the impact of the billings problem.

"The problems of the past have definitely strengthened us, and we've gone through a new foundation in our approach to the handling of our schedules and the advertisers' associated billing. The key, we think, to doing that is to have everything computerized that we can, and have a data readout on what is sold and what is for sale. This has been a direct and a positive byproduct of the previous errors. We have an 11-point system which we filed with the FCC to correct and make retribution for the billing errors and to see that there's not a reoccurrence. And on top of that, we added six other points, making it a state of the art system."

Other network heads agreed that some good has resulted from the RKO errors. "There have been far more post-buy analyses requested in the past six or eight months than there have ever been, and we welcome that," says Jack Clements, executive vice president and general manager of Mutual Radio. "Advertisers have a right to know where their dollars went, and we're pleased to show them."

Advertisers had a vast spot inventory to fill in 1984, and the avails are on the rise for 1985. According to information compiled by ABC Radio, based on RADAR (Radio's All Dimension Audience Research) Statistical Research, Inc., there were 2,643 minutes of network advertising time per week in 1984, or 5,030 30-second units, adding up to 261,560 units for the year. (Figures based on inventories of the seven ABC Radio Networks and Paul Harvey; the CBS Radio Network and RADIORADIO; the NBC Radio Network and the Source; the Mutual Broadcasting System; RKO 1 and 2; and Sheridan Broadcasting. These figures do not include the additional inventory offered by growing companies like Westwood One and United Stations.)

**"Last year was a disappointment — a very bad first half, a solid second half, and a very good fourth quarter."**

EDWARD McLAUGHLIN
president, ABC Radio Networks

ABC's McLaughlin says that the seven ABC networks and Paul Harvey alone accounted for 94,224 units last year, representing 36% of total network radio inventory (the seven networks include Contemporary [12-49 demographic target]; Direction [25-49]; Entertainment [25-54]; FM [12-34]; Information [25+]; Rock [12-34]; and Talk [25-54]).

The CBS Radio Network (25+ demographic target) has 320 minutes of network spot time to sell per week, and CBS's RADIORADIO (18-34 target)

offers 136 minutes per week (all figures are for basic schedules, not including special events, sports or longform music programs, unless otherwise noted).

RKO 1 (12-49 target) inventories total 128 minutes per week, and RKO 2 (25-54) offers 136 minutes of network spot time per week. The RKO Radio Shows (longform music specials with a 12-34 or 18-49 target) offer an estimated 120 30-second spot avails per week (all are Monday-Friday, 6 a.m.-midnight). Mutual's basic news inventory totals 252 minutes per week (6 a.m.-midnight, Monday-Sunday).

The NBC Radio Network (25-54 target) offers approximately 300 minutes of network spot time per week. NBC's The Source (18-34 target) offers 126 units (either 30 or 60 seconds) per week, and TalkNet (25+ target) has 147 (30 second) avails in an average week.

Satellite Music Network, which claims to be growing at the rate of one new affiliate per day, offers two minutes of network avails per hour in its 24-hour day lineup of Country Coast to Coast, StarStation (25-49 target), Stardust (35+ target) and Rock 'N' Hits (18-34 target). It hopes to claim 500 affiliates by the April National Association of Broadcasters (NAB) meeting.

Transtar Radio Network offers three different full-time formats, retaining one minute of network time per hour. Its country format targets 25-54 year olds; adult contemporary targets 32-year-olds, and its "Format 41" aims for a 41-year-old "optimum" listener.

Demonstrating the growth of longform programing in recent years, CBS's Kipperman recalled that RADIORADIO, which began in April 1982, went on the air with a total of 36 hours of longform programs for the entire year (three hours of longform and two 90-minute specials per month).

"In 1985, we will have more than 400 hours of longform music programing available to our affiliates on a series basis — not just one time only specials," Kipperman says. In addition to two "countup" programs now offered to affiliates (Top 30 USA and Dan Ingram's Top 40 Satellite Survey), RADIORADIO has added a new feature, Entertainment Coast to Coast (all offer five minutes of network time per hour). Another new series, Spirit of Summer, will air for 15 weeks between Memorial Day and Labor Day.

Among other new network offerings is NBC's Live From The Hard Rock Cafe, the first project to result from a

## THE "NEW AND IMPROVED" BAR REPORT

When agencies received the first of their "improved" weekly BAR reports last month, they indeed found they were getting more bang for their research buck.

Broadcast Advertisers Reports, which is in the business of monitoring spot tv, network tv, cable and network radio advertising, has added eight radio networks to its tracking activities. New to BAR's roster are ABC Direction Radio Network, ABC Rock Radio Network, ABC Talk Radio Network, CBS RADIORADIO, Mutual Radio Network, NBC TalkNet and RKO 1 and 2. Its previous monitoring activity had only tracked ABC Contemporary Radio Network, ABC Entertainment Radio Network, ABC FM Radio Network, ABC Information Radio Network, CBS Radio Network, NBC Radio Network and NBC's The Source.

"Network radio has gone through a lot of changes over the past few years and we decided to expand our coverage beginning with the 1985 first quarter reports," explains Dave Thurston, BAR's executive vice president. Thurston oversees BAR's agency business, which is 150 subscriber agencies strong, and also designs the reports. The growth in the number of radio networks in the past few years has made it necessary for BAR to revise its report as well as its method of gathering data.

In addition to adding more radio networks to its report, BAR has installed three satellite dishes to pick up the broadcasts. Up until last December, BAR had monitored commercials via a direct phone line hooked up to a local affiliate. Now BAR picks up the data from satellite, records it and plays back the tapes to create program and commercial logs.

The new report will look very familiar to subscribers. BAR will continue with its weekly proof-of-performance reports, and its monthly and quarterly reports which report on total dollars spent, broken down by brand, by product classification, by parent company and by radio network. The monthly and quarterly reports are used by agencies to check competitive activity, while the weekly reports are used primarily for proof that the advertising actually aired.

Most New York agencies and the measured radio networks already subscribe to BAR's report. In fact most of them buy the entire report, which includes activity on network tv, spot tv, cable and network radio. Smaller agencies with broadcast billings under $20 million can cherry-pick the package and buy what they want. Agencies are charged based on their broadcast advertising billings, ranging from the smallest agencies paying a few thousand dollars for BAR data to the largest shops paying upwards of $50,000 for the package. BAR introduced a new rate card in the first quarter, with increases because of the addition of eight radio networks and two new cable networks.

"One of the interesting coincidences about the development of our new network radio service is that the planning came up right in the middle of the RKO scandal," recalls Thurston. "That was entirely coincidental," he stresses, "and we were not prompted at all by that situation. But the agencies are delighted that we are going to be adding RKO as well as the others. If we had been there before, they [the shortages] obviously could not have happened," he claims. "This system would have discovered it." *Marianne Paskowski*

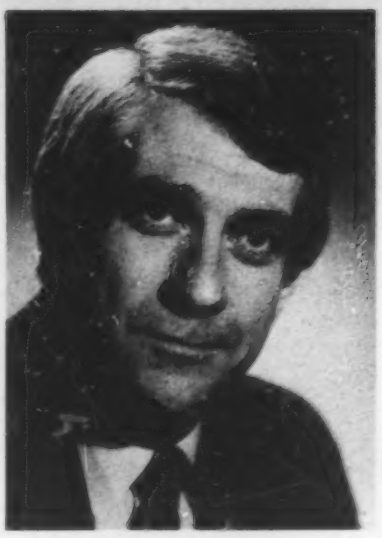
new radio production arm called NBC Entertainment.

Other networks, while not adding measurably to their longform offerings, stress that 1985 will be a time of maturation and improvement.

"At this point, we won't be adding any more longform," says Jack Clements, executive vice president and general manager of Mutual Radio. "But we have been clearing out 'less desirable' features in terms of station clearances — and therefore from a sales point of view — and have been replacing them with a stronger lineup."

Mutual is also a good example of a network drawing on "personality power." In addition to the Dick Clark National Music Survey, Lee Arnold's Country Road, and The Larry King Show, the network has hired Tommy Lasorda to host a baseball show, Pat Summerall to host a football feature, and gossip columnist Rona Barrett to host an entertainment feature.

"We're looking to bring in people who have recognizable names, and this is something new for us," Clements admits. "In the past, we looked to do things the most economical way possible, but we're now going out and paying for the marquee value and the expertise of stars in the business."



**"The growth in radio networks can only serve marketers better in giving them more options in targeting potential clients."**

DICK PENN
senior vice president,
NBC Radio Networks

"We are not in the area of developing a bunch of new ideas at the moment," says ABC's McLaughlin. "We think that 1985 is a year to let the advertisers get a good feel, and the market to get a good feel, of what products are sustainable, strong and viable, and then we'll look to 1986 for new ideas and development." McLaughlin says that while ABC Radio has cut back on its longform programing (14 shows to five shows), it has not cut back on the total number of hours, choosing instead to stress the five strongest programs they have. Those "heavy hitters" include American Top 40 with Casey Kasem; American Country Countdown with Bob Kingsley; The King Biscuit Flower Hour; The Silver Eagle Cross-Country Music Show; and Supergroups.

In addition, McLaughlin cites the maturing of the newer ABC networks as adding to overall network strength.

"They are good, stand alone, economical, solid networks, with the exception of Talkradio [which has experienced cutbacks], which is still growing. It's too early to expect it to be where the others are," he says. "You always rob [from your other networks] to some degree, particularly at the beginning of a startup, but what you hope is that the marketplace will grow and will catch up with your expansion, and exceed your expansion, so your inventory is playing against a strong marketplace. We frankly were in that position in 1984 and will remain so in 1985."

"A lot of maturing of fledgling enterprises has occurred in the past year or so," agrees NBC's Penn. NBC's reach, he says, grew from 60 ADI's in the beginning of 1984 to 90 ADI's, with audiences still growing.

According to the RAB, the most popular radio demo remains 25-54. "The demo that people are looking for is getting older because the country per se is getting older," says Charlie Trubia, senior vice president and director of radio buying for Ted Bates. "There was a time when a lot of money went into teens; you don't put money into teens anymore. I think advertisers and marketers are sensitive to the general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aging of America. They're going after something that's changing, and I think that change itself is going to be reflected in the networks' offerings."

ABC's McLaughlin agrees, if not quite wholeheartedly. "We will never lose sight of the importance of the youth market in radio, but on the other hand, yes, we do have to address population shifts. You may see some station changes toward the 25- to 49-year-old population, and the networks will reflect that."

"We haven't changed so much as the composition of our lineup might have changed," adds CBS's Brescia. "Some station that may have been a harder rock station after 12- to 24-year-olds is now a little softer and is going after 18-34's."

Mutual's Clements is considerably more certain of the importance of the older demos.

"I firmly believe there will be a new demo aboard very soon, the 35-64 group," he claims. "Advertisers are going to have to take cognizance of the fact that people don't just die when they fall off the current demographic at 55. Some of them are beginning to realize it already. Think about where the money is, and it isn't 18-34, it's 55-plus," he points out.

"RKO has done a good job of trying to get its act together and deal with agencies and clients that needed attention."

DICK BRESCIA
senior vice president,
CBS Radio Networks

"I think it's going to trend that way, but at this point it hasn't been noticeable," agrees Mutual vice president of sales, Neal Weed. "A number of major national advertisers are looking at the 35-64 demo, but they have not demonstrated that in their request for buys."

What's in store for radio in the coming year? RAB's senior vice president of communications, Daniel Flamberg, sees the biggest growth category being package goods, with companies like General Foods, Nestle, Richardson Vicks, and Procter & Gamble "all looking very seriously at national radio buying in a way that they haven't heretofore, mostly as a result of skyrocketing prices for network television and out of growing concern with 'zapping' of commercials by viewers." He sees such major advertisers seeking to focus on narrow target segments to expand the penetration of brands or introduce new ones. That targeting, he adds, will put radio in more intense competition with vehicles such as direct mail.

The RAB also notes — in both network and spot markets — that the length of commercial flights is decreasing to an average of two weeks in length. In addition, outside of the upfront market, the length of time between a commercial order and the time that the ads hit the air is "decreasing dramatically" to less than two weeks of turnaround. Flamberg also says that, even with the strong 1985 upfront market, there's still a healthy amount of inventory for sale this year.

"Network radio will continue to be an efficient national medium, although I see prices going up," says Liz Solomon, media planner at Cunningham & Walsh, who adds that price increases, following negotiation, are in the 5% range this year.

"I also see a potential problem in the way the networks are currently set up demographically, in that the entire industry is either set up to serve 12- to 34-year-olds or 35-plus . . . so you have to be very selective, even to the point of not looking at certain dayparts on certain networks," concludes Solomon.

*Dave Potorti*


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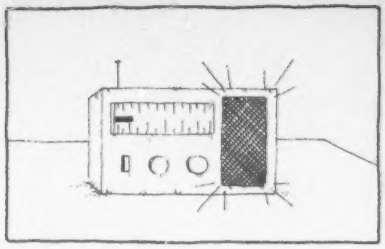

**Campbell Soup, Taco Bell, Coors Brewery and Ciba Vision Care have one thing in common. All four companies, although quite different in their marketing needs, use radio to implement their strategies.**

## PROFILE – CAMPBELL SOUP

Campbell Soup never misses a weather report. While some people may look skeptically upon those attempting to predict weather, Campbell's takes it all very seriously. That's because so much of its radio media strategy depends on weather — foul weather in particular.

While radio may be only a secondary medium for Campbell's — taking only about 7% of the annual media budget — when it comes to moving its mainstay line of condensed soups, the medium plays an important tactical role.

From a strategic standpoint, Campbell's sees its spot and network radio schedules as cost-effective ways to complement television and magazine advertising. George D. Mahrlig, director of media services for Campbell's, explains that both spot and network radio have their own special role in marketing the "red and white" soup line, the only Campbell brand that uses radio consistently.

The bulk of the network budget, about $3.5 million in the current August-to-July fiscal year, goes for spots which urge listeners to use up soups already nestled on kitchen shelves. "We tend to run pre-lunch and pre-dinner to encourage people to have a bowl of soup — now, today," emphasizes Mahrlig. "We don't do that with television or magazines."

The entire spot radio budget, about $750,000, is used to buy time in areas where winter storms make consumers most miserable. This tactic is not unique to Campbell's but it is one in which the company and its spot radio buyer, CRN Media in Hamden, Conn., have shown sophistication and commitment.

Mahrlig explains that the company picks 30 strategic markets, mostly in the northern tier of states, and negotiates time banks with stations in those markets. Spots are used whenever CRN Media contacts the stations. The decision on when to run the spots is made solely by CRN, based on information from its own 24-hour weather department.

"CRN, not the station, decides when to run because we want to be on all the key stations in the market together and we want to be on when


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we're certain there is a good chance of a storm," Mahrlig adds. Campbell buys several stations deep in each market, with the number of stations and spots based on reach and frequency goals. "We're trying to hit adults 25-54 with a 35 reach against each storm," he advises. "We try to do that with news and information stations, but we sometimes go outside that format based on market listening patterns.

A key factor in picking stations is the kind of weather service to which they subscribe. "A rip-and-read weather station versus somebody who subscribes to Accu-Weather — which is a very expensive service — shows a different commitment to the role weather reports will play at the station," Mahrlig says.

"We evaluate that along with format. For the most part, the all-news station is the one to which we anticipate tune-in during a storm," he notes.

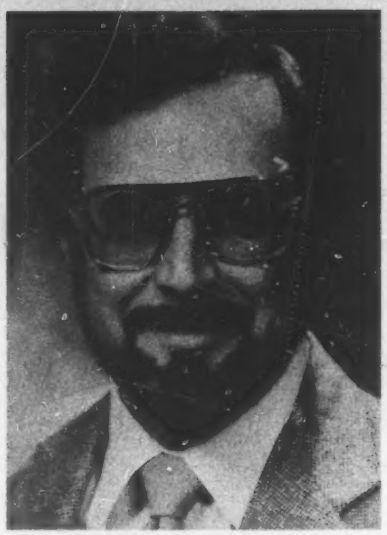
Campbell's did some Arbitron analyses that tended to support the theory that people shift more to all-news stations when there are storms. However, the sample bases were small because few storms ran in conjunction with Arbitron survey weeks.

Currently, Campbell's is using three commercials in its spot radio campaign, two of which are storm-related. The pre-storm spot carries the message, "go out and buy soup."

When the storm actually hits, the copy switches to a "use up" message.

Campbell and CRN Media work closely with the stations to see that the copy switch is made before the storm hits. "We want to get the 'use-up' copy on the air before they start saying 'there's a travel advisory in effect,' " Mahrlig says. A third spot in the campaign is keyed to cold snaps rather than to storms. The spots were created by Backer & Spielvogel, the agency for "red and white" soups.

The key to successful execution of the campaign is CRN Media, which calls its weather-related time buying service Mediarology. Barry Berman and Dick Kault own CRN Media and its parent company, the Connecticut Radio Network. CRN Media began doing weather-related spots to support the radio network's "Ski Watch" program, which includes Campbell's as a sponsor.



**"We're trying to hit adults 25-54 with a 35 reach against each storm . . ."**

GEORGE D. MAHRLIG
director of media services,
Campbell Soup

How does CRN make it work? "We negotiate with the stations within certain media criteria we set up with the client," Berman tells. "We need a profile of every weather event and we make sure the radio stations follow exact instructions, or they don't get paid," Berman says.

"The stations work with us," affirms Kault, "because we guarantee the commercials in most markets, which means that if there isn't enough storm activity, we will buy the time anyway." He adds that the Campbell's business also is attractive because most of it comes in the lean first quarter and because most of it goes to AM radio — about 75% of the 110 stations bought for Campbell's are AM.

Although the vagaries of winter weather would seem to make budgeting such a plan difficult, Campbell's Mahrlig doesn't worry about adjusting the budget for especially harsh weather.

"Frankly, we feel that if it is a bad winter, we are going to lose some of our impact as people get used to dealing with us," shrugs Mahrlig. "The fact that we run out early is not of great concern to us, at least not this year." That's a good thing, because the entire budget for many markets was used up by early February and other markets were approaching that point.

In secondary markets, where winters are even less predictable, some monies can be juggled because in those markets — such as Seattle, Tulsa, Raleigh or Greensboro — commercial loads are seldom guaranteed to stations. CRN Media tracks these markets closely and advises Campbell's where to reallocate money.

Campbell's moved the campaign into these borderline markets this winter and plans to experiment next winter in some southern markets. The company theorizes that although winter storms may be less severe in these areas, residents do not perceive them that way.

The large volume of "red and white" soups sold and the relatively small budget in weather-related radio spots make it extremely difficult to measure the effectiveness of the program. "We don't know if the program sold one can of soup," Mahrlig said, "but we have yet to find anyone who doesn't believe in it." Mahrlig cited feedback from both supermarkets and radio stations as evidence that the program works.

On network radio, the "red and white" soup campaign consists mostly of the pre-meal messages but also includes CRN's "Ski Watch" network, which provides localized reports for about 130 stations. "Our interest there is to tie in and be associated with cold weather activities," says Mahrlig.

Campbell's runs network spots on most of the radio networks that target its 25-54 demographic. Although it is not currently running on RKO I, Mahrlig says the company has run paid spots on that network despite a scandal that hit the RKO Radio Networks last year. "The RKO situation is not affecting our plans for network radio," he states.

On a company-wide basis, for all brands, Campbell Soup spent about $5 million in radio during calendar 1984. However, the radio budget fluctuates widely year-to-year, with "red and white" soups forming a base and other brands coming in and out.

"When a brand uses radio, it generally makes a significant commitment to the medium," Mahrlig says.

"Franco-American used it heavily in the fourth quarter after conducting a test in which radio was experimented with as a supplemental medium to a base of daytime and kid television network, and they found it successful," tells Mahrlig.

"The year before, Chunky Soups used network radio significantly, but changed its strategy to use more 10-second tv news briefs, consolidating their spending in television," he says.

"If V-8 juice, for example, should make a media shift back into radio, the radio budget would go back up. And anticipating that Franco-American will be coming back in, the budget might be higher than ever in 1985-86," Mahrlig approximates.

The decisions where to spend advertising money are made by the individual brands, with Mahrlig's Media Services unit administering the agency-of-record system and acting as a consultant to media planning groups which report directly to the brand people.

"Part of what Media Services tries to do is encourage brands to take an objective look at other media," Mahrlig says. "They are looking for more cost effectiveness — and not necessarily efficiency. And they look at radio a little more closely. It's interesting that the brands that have rejected radio start to talk and think about it and suddenly it becomes part of their plan," he finds.

**Campbell's sees its spot and network radio schedules as cost-effective ways to complement tv and magazines.**

Media Services is now encouraging Prego and Prego-Plus tomato sauces, which had a successful introduction in television, to examine radio and other media. "It is not unimportant to note that their major competitor, Ragu, has made a major commitment to radio," Mahrlig points out.

"We never know when this thinking is going to result in a brand becoming active in radio, but there is a good deal more involvement with thinking about the subject, so I can only assume at some point it's going to result in more brands using it," Mahrlig says. "We don't have a lot of controlled tests — radio-nonradio — but we have a lot of experience and a lot of empirical data which lead us to conclude that it can work effectively."

*William H. Dunlap*

## PROFILE – CIBA VISION

When Ciba Vision Care advertising managers took a hard look at the tinted soft contact lens market this year, they set their sights on radio advertising to help position their new "Softcolors" brand in a rapidly growing and changing industry.

Last year, the company, which is a subsidiary of the pharmaceutical division of the $7 billion Swiss conglomerate, Ciba Geigy, introduced Softcolors in a $10 million print and television campaign. The focus was on demonstrating the highly visual product and educating the consumer about its uses. A four-color print campaign ran the whole year beginning in February in major fashion and trade magazines. Spot and network television commercials ran for three months beginning in March. It was the first and most extensive advertising campaign of any of the three competing companies marketing this latest variation on the 20-year-old contact lens.

Now, with mounting competition and high consumer demand, Ciba Vision, which is the second largest tinted soft contact lens manufacturer after Bausch & Lomb, is moving Softcolors from its introductory phase to a more aggressive advertising stance. The latest campaign, started in March and approximating last year's $10 million spend, again uses television and print. But this time radio was added to the mix. The Atlanta-based company is depending heavily on radio to establish the Softcolors image among 18- to 34-year-old, fashion-conscious women.

The radio advertising goal is simply stated by Joel Babbit, senior vice president and principal of Bowes/Hanlon, the Atlanta-based advertising agency that handles the Softcolors account: "Basically, with radio, we are trying to create an association between a particular type of woman interested in the product, and the product itself," he tells. "We are going to create a perception of Softcolors — that it is the tinted soft contact lens that most closely represents the needs of women who want to improve their looks, and therefore, the way they feel."

National radio advertising began March 11, 1985, on five youth-oriented networks: ABC Contemporary, ABC FM, ABC Rock, RADIORADIO and American Top Forty. This first flight is expected to run about five weeks, or sometime into the second quarter, according to Pat Semmelmayer, Ciba Vision group project director. Spot radio ads will be overlaid in 20 markets as well.

Television ads began March 25 for a seven-week flight, while print ads were launched this month in major women's fashion magazines that are "similar" to those in which the ads ran last year, Babbit said. Print ads are expected to run through December. The radio, print and television ads continue to use last year's theme: "For the eyes you wish you had been born with."

The decision to use radio in this year's Softcolors campaign was at least partly based on research conducted for Ciba Vision by Strategic Research Center, also located in Atlanta. After what Ciba Vision officials deemed a successful introductory campaign, tests were conducted in four markets, and various media mixes were tried.

Softcolors advertising managers hoped the research would reinforce their 1984 decision to target 18- to 34-year-old females; they also hoped to generate additional information on the media consumption habits of this target group, Semmelmayer says.

The findings? Softcolors was indeed targeted to the right audience. The research also showed that this audience listened to radio frequently, especially to rock and soft rock programing during morning and evening drive times. Ciba Vision research on the contact lens industry in general showed two-

thirds of contact lens users to be women, and 59% of all wearers to be from households with incomes of more than $25,000.

Babbit described Softcolors' target audience as being the "same" women who have an "interest in Revlon cosmetics, Guess? Jeans, and Polo shirts." This profile, combined with additional market information that showed 15%-20% of tinted soft lenses sold to be "planos" — or lenses with little or no prescription — contributed to the decision to position Softcolors as fashion accessories or cosmetic enhancements.

Research also pointed to a surprisingly high awareness of the tinted soft lens product, which was first approved by the Food and Drug Administration in late 1983, and had not been advertised to the consumer before the 1984 Softcolors campaign. "No one last year knew what a tinted soft lens was," Babbit notes.

According to Semmelmayer, 75% of women 18 to 34 who wear vision correction were aware of tinted soft contact lenses; 25% of those were aware of the Softcolors brand. This high degree of product awareness was another major factor in the company's decision to try radio advertising this year.

"One reason we didn't use radio last year," Semmelmayer explains, "is because [Softcolors] is an extremely visual product. We wanted to wait until there was strong awareness, so when [the target audience] hears the ads, they can make the association with the print and television advertisements."

"The public is more aware of the [tinted soft lens] category now," adds Babbit. "We can use radio because we don't need to show [Softcolors] as much. We are still using tv and magazines to explain and demonstrate visually what the product does to a lady's eyes, but we're using radio from an image standpoint to differentiate the product from everyone else's," Babbit explains.

Competition for a share in this growing market is heating up and the stakes are getting higher. So far, two other eye care manufacturers are attempting to carve out their niche as well.

Custom Tint Labs (CTL) in Raleigh, N.C., was the first to receive FDA approval for its "CustomEyes" brand of soft tinted lenses in December 1983. (Ciba Vision received FDA approval for Softcolors in February 1984.) CTL has licensed its tinted soft lens manufacturing technology to the largest contact lens producer, Bausch & Lomb, which markets the tinted soft lenses under its "Natural Tint" brand name.

An estimated 60% of the U.S. population wears corrective eyewear, according to industry figures, representing some $6.9 billion in eyewear sales as of last year. About 80% of eyewear users continue to wear eyeglasses, while contact lens sales grow a "phenomenal" 15%-16% per year, ticks off Semmelmayer.

**"The research showed this audience listened to radio, frequently, especially to rock and soft rock. . . ."**

PAT SEMMELMAYER
group project director,
Ciba Vision Care

The contact lens industry as a whole is expected to gross $456 million in 1985; soft contact lenses account for about 70% of contact lens sales, according to Peggy Ross, marketing communications manager for Bausch & Lomb's professional products division.

Tinted soft lenses are expected to be an important part of the contact lens industry's growth. According to an article in *The Dispensing Optician*, a 1983 report predicted that "tinted soft lenses, along with extended eyewear [contact lenses], will lead to a doubling of the CL-wearing population" by 1986, making it a $600 million business. Some 16%-20% of soft contact lenses sold in 1985 will be tinted, estimates Semmelmayer.

In this environment, the competition is also mounting promotional strategies. Last year, CTL launched a print campaign during the fourth quarter in eight leading women's magazines. The black and white ads, which used color only on the model's eyes, ran for three months, according to Joe Murgo, CTL vice president of marketing and sales. CTL did not advertise during the first quarter of this year, and at presstime, the company was "evaluating plans" for the second quarter, Murgo said. In any event, plans for radio advertising of CustomEyes are "questionable at best," Murgo said, adding that serious discussions about the possibility have been "dropped." CTL has been involved in trade advertising.

Murgo said he would, however, be "very interested in monitoring" the results of the Softcolors radio campaign. Ciba Vision established "excellent penetration" as a result of last year's campaign, he notes, although he questions the validity of promoting a particular tinted soft lens brand to the consumer. "These are not off-the-shelf items," he said, "and must be purchased through a dispenser. If the doctor likes to fit Bausch & Lomb, that's what you'll get." Consumer ads, he says, have helped to push everybody's product.

Bausch & Lomb embarked on a reported $8 million to $10 million trade and consumer campaign during the first quarter of this year. Its Natural Tint brand has been promoted in a network television-only consumer campaign, titled "Hidden Eyes," that began an eight-week flight on February 4.

Ciba Vision officials are "testing the waters" with radio, Semmelmayer admits, but she predicts that any adjustments in the fall schedule would likely expand the use of radio, incorporate additional spots, or "massage" the current ads to make them more effective in delivering the image-oriented message. "We feel very confident in our research and feel radio is an excellent place to be," she declares.

*Cecilia Capuzzi*

Radio poses a unique set of problems for beer and wine marketers. Aside from the usual litany of woes that most advertisers cite about the heartaches of planning and buying radio — its creative limitations, its limited reach, and the complexity of the buy itself — beer and wine marketers have found themselves in the center of a hurricane over their broadcast commercials.

Thanks to the efforts of a new-prohibitionist movement underway nationwide, brewers and wine makers must be more circumspect than ever in planning their radio buys. Since last July, the Center for Science in the Public Interest, a Washington, D.C.-based consumer activist group, has been steadily lobbying for a ban of beer and wine advertising on radio and tv. While CSPI's Project SMART (Stop Marketing Alcohol on Radio and Television) has not attracted much Congressional support to date, it continues to seek signatures for its petition, gaining support from national church groups as well as the Parent Teachers Association. CSPI charges that beer and wine advertisers are marketing their products to young tv and radio audiences, thus encouraging alcohol abuse.

And that charge deeply disturbs brewers who are quick to point out that they have been closely adhering to self-imposed guidelines in marketing their products — with the problem of youthful audiences very much in mind.

With the legal drinking age ranging from 18-21 across the country, buying radio — which is an already fragmented, time consuming, complex buy — takes some extra logistics, notes Mark Reiss, director of media at Coors. Reiss is quick to emphasize, however, that Coors has always been cautious in its broadcast buys — not just since CSPI started applying the heat last summer. Coors, he asserts, has always steered clear of radio stations which skew teens, simply because teens are not Coors' target audience. The Golden, Colorado-based brewer is aiming for young male adults of legal drinking age.

Nor has Coors, or any other brewer for that matter, trimmed its radio expenditures. That's good news for radio broadcasters, who earlier this year had feared that pressure from SMART might cause brewers to cut back on their radio buys. Since radio is the most targetable medium, it would be the easiest place for advertisers to make cuts, went the theory.

"But that has not happened yet," acknowledges Gary Stevens, president of Doubleday Broadcasting. Stevens had earlier told attendees at Paine Web-

**"It's rather ironic, because what CSPI is really saying is that tv and radio are much more effective than print."**

KENT VLAUTIN
group media director,
Foote, Cone & Belding

ber's media outlook that there was trouble ahead for the radio industry — whether the proposed ban became reality or not.

Coors uses — and needs — radio to further its marketing strategy and distribution set up. About 20% of Coor's total advertising budget is now allocated to spot radio. Network radio is not yet a factor for Coors because its brands are only in two-thirds of the country. The brewer is pushing for national distribution by rolling out its brands to eastern markets. Three major brands — Herman Joseph, a super-premium; Coors, a premium, and Coors Light; plus Killian's Red, an ale, make up the company's product line. There are no plans at this time to introduce a low alcohol brew as there does not appear to be much consumer demand for that kind of product.

Radio Expenditures Report pegs Coors 1984 spending in spot radio at $18.9 million. Coors expenditures in spot radio are pretty much in line with what the rest of the beer industry is spending. Anheuser-Busch leads the pack with $36 million in national spot last year; Miller comes in second with $20 million; and Stroh's trails with $13.5 in national spot radio spending.

Reiss acknowledges that Coors' spending in spot radio has increased "pretty heavily over the years." That's because radio, he says, delivers Coors target audience — especially via sports programing. Coors does little in the way of magazine advertising, mainly due to the regionality of its product, notes Reiss. One of the reasons that Coors has been doing more with radio is that the industry itself has changed markedly. There are now more adult formats like Contemporary Hit Radio, which skew a little older, as compared with Album Oriented Rock and its young, teenage male audiences. "We have clearly established placement guidelines for all media, and those are constantly being updated and modified," explains Reiss. Coors analyzes radio formats, time periods, audience density by age and sex, and looks at all these factors on a station by station basis. That case-by-case approach is critical as radio is a local medium, meaning there are no universal characteristics from station to station. "Since the drinking age is different in many states, and since certain dayparts skew heavily to the under-the-legal-age audience, you have to look very closely at each station," Reiss advises. Even within formats which are clearly bent toward a particular audience, variations in listener demographics exist station by station, he points out.

Coors' in-house media department, which is headed by Reiss, established

guidelines for its flagship agency, Foote, Cone & Belding, Chicago. On the Coors business, FC&B buys directly from the station, bypassing the national sales rep. That's primarily due to Coors' relationship with distributors and the need to coordinate all the local co-op funds. But FC&B likes this setup: It finds that by going direct it gets a better buy, says Kent Vlautin, group media director, on the Coors business. The direct buy also facilitates local community merchandising events sponsored by the distributors.

Reiss points to some other subtleties of the radio buying process. While most radio stations price their avails on complete delivery, FC&B analyzes listening balance or density by daypart, and negotiates on that basis. "Those stations with under-aged, high density audiences are simply not efficient for us and we don't buy them," Reiss adds.

As complicated as the radio buying function for Coors may sound, FC&B's Vlautin maintains it's really no sweat. For starters, he tends to steer clear of AOR stations. "While they are in a sense our audience — young men — they attract a lot of teen listeners," he explains.

But sports programing is a natural for Coors because of its audience composition. According to a recent Arbitron analysis, sports programing, where most of the beer advertising is placed, skews to older rather than teenage demographics. For example, statistics for Monday night football on radio in two major markets showed only 1.1% of the audience were teenagers. Measurements indicated 98.9% of the listeners were 18-plus; 80.2%, 25-plus; and 47.6% were over the age of 50.

**"Coors analyzes radio formats, time periods, audience density by age and sex . . . on a station by station basis."**

Vlautin says he hears very little from stations in the way of concern about the proposed ban on broadcast advertising. "They're not talking about it, I guess, because they don't want to give it any more credence than it already has." Although, he adds, "I suppose if I owned a bunch of stations which skew young, I'd be worried."

"All in all, it's rather ironic, because what CSPI is really saying is that tv and radio are much more effective media than print," Vlautin concludes.

*Marianne Paskowski*

## PROFILE – TACO BELL

Taco Bell, the chain of fast food Mexican restaurants that has grown from being the butt of Johnny Carson one-liners to a near billion-dollar operation, is using a heavy media campaign, including a strong commitment to spot radio, in its ascent to the mainstream of the fast food industry.

Although it won't be long before the Pepsico division achieves sufficient penetration to buy national media, Taco Bell currently buys only spot television and radio. The chain's heaviest concentration remains in the Southwest, but it now has outlets in 47 states.

Taco Bell's sales rose about 20% in 1984 to $1 billion, thanks to new menu items, a new look for the restaurants, new graphics and new packaging, says Lawrence Higby, Taco Bell's outgoing senior vice president of marketing. Higby will soon be leaving the Pepsico fold to move on to the president's post at Home Health Care of America, Newport Beach, Calif. At presstime, his successor had not been named, but Higby shared his thoughts on his work for Taco Bell.

To get its message and new image across, Taco Bell buys television and radio in the majority of its markets. "We consider radio to be a complementary medium to television," Higby says. "We feel they work together."

Higby and Taco Bell's agency of record, Tracy-Locke/BBDO in Dallas, have given considerable thought to the mix of television and radio in each market and how to achieve the optimum balance.

"Radio provides us with an opportunity to build frequency against our target audience at a significantly reduced cost versus television," Higby believes. "It does an excellent job of getting at the younger audience — those 18-24 or 18-34. That's the demo it delivers best for us, although we buy broader demos than that. Radio provides us with a strong supplementary medium to particularly reach the lower half of the 18-34 group," he adds.

Another factor favoring radio is that Taco Bell has a heavier concentration of outlets in Southern California and the rest of the Southwest — mobile, car-oriented markets where radio listenership is high.

Tracy-Locke's Rod Underhill, senior vice president and Taco Bell account manager, likes the targetability of radio. "Sometimes our demos may change with the product, the particular dish, that is being advertised," Underhill explains. "If this is a dish that our research has shown skews female, or male, or younger, or older, radio is a great way for us to target that.

Research, for example, found that the taco salad, in which the bowl itself is the shell of a large taco, was especially popular with women. The current taco salad spot opens with a woman's voice saying, "I'm about to eat a new Taco Bell taco salad, bowl and all." After the jingle, the spot concludes with, "You'll like every bite of this new taco salad, even the bowl."

"A year ago, nachos," Higby recalls, "had a high teen skew and of course we bought a different kind of radio for that."

Underhill also points out that radio is particularly effective for the spontaneous nature of fast food. When you leave your office and you're driving home, you're wondering about what to eat that night," he says. "Almost everybody arrives at a fast food restaurant in an automobile, so radio can be used from a timing effectiveness point of view," Higby explains.

Another important factor is that radio helps Taco Bell reach the light television viewer, a traditionally tough audience to sell.

Higby knows that radio works for Taco Bell because the company has measured the effect of adding radio to an all-television campaign in several

markets. He says that sales increased "significantly" with the addition of radio.

Underhill emphasizes though that it takes more than just shifting some of the television budget to radio in order to achieve increases. "It's too simple to say, 'Run tv and add radio and it will work better.' If you have 100 points of tv running, and that's all you've got, and then you try 75 points of tv and 25 points of radio, it may not work," he cautions. "The magic is in finding the levels and the balance that work for you."

Higby and Underhill believe that they have to have an established, continuing television schedule in a market before radio works the way they want it to. "The only exception," Underhill notes, "is when the budget won't support continuity in television. Then, you start with radio. The evolution in such a market would be to start with radio, move to television and, at some point, move to tv and radio."

In the Long Island suburbs east of New York City, for example, the cost of running a schedule on New York television to support the relatively low number of Taco Bells in the area is prohibitive. "We used a combination of radio there with *MTV*, the cable service," Higby says. "We don't generally buy cable," he advises, but "the cable split out on Long Island makes it a reasonable buy for us."

Taco Bell has increased its commitment to radio over the past 18 months, bringing it up to levels comparable to other major quick service restaurant businesses, tells Higby. "That increase is a function also of Taco Bell's stepped up overall media commitment over the last two years. Last year, for instance, the company spent about $30 million in spot television alone."

In 1984, according to Radio Expenditure Reports, Taco Bell spent $8.8 million in spot radio. That compares with Burger King's $12 million investment last year in spot radio and Jack-In-The-Box's $7.9 million. McDonald's, not a big user of spot radio, only spent $3.8 million for the year, according to RER.

Radio has not only grown at Taco Bell, it has evolved creatively. "In the beginning," Underhill recalls, "radio was primarily a lift of the same message on television, almost literally. We're now beginning to move away from that as too simplistic. We're creating more radio spots and trying to target them for more specific uses."

**"If this is a dish that skews female or male . . . radio is a great way for us to target that."**

ROD UNDERHILL
senior vice president,
Taco Bell account manager,
Tracy-Locke/BBDO

For example, the current spot for Mexican Pizza being tested in a number of markets is delivered in a heavy comic Italian accent: "I love America. I love your baseball and freeways and this new Mexican Pizza from Taco Bell. Pizza from Taco Bell! I say give me a break. But then I taste. It's different. Two crispy tortilla crusts with seasoned ground beef, lotsa Monterey Jack blend and real Cheddar cheese and their special pizza sauce. And they make it as fast as you can say 'molto bene.' Pizza from Taco Bell! Now I say, give me another."

Futhermore, Taco Bell will take a particular dish and build dinner business by running a spot during the going-home-from-work hours of 4:30 to 6:30 p.m. The current spot being used in afternoon drive features the take-out aspect of Taco Bell's new combination dinner platters.

Taco Bell looks for reach first when it buys radio and then for complementary frequency against television. "We look at it as a total communications package in each and every individual market," Higby explains.

Taco Bell buys several stations deep in every market with the actual number bought depending upon the individual market. "It's the reach consideration that determines how many stations deep we go," Underhill tells.

Rather than make co-op dollars available to the local management for local purchases, franchisees and company-owned stores contribute to a media fund that is disbursed by Tracy-Locke, with most buys going through rep firms. About half the stores are franchise operations.

In every market, the Taco Bell outlets form an advertising association which can elect to spend its portion of the advertising budget with any agency. The majority of associations use Tracy-Locke.

The next media step for an expanding chain like Taco Bell is obviously buying on a national basis, with network television probably the first move. "We have not even begun to explore the possibility of network in radio, but I think over the next 12 months we will look very seriously at network television as our development continues," Higby notes.

Parent company Pepsico, which also owns Pizza Hut, is determined to be a major force in fast foods. It reportedly has committed to at least a $20 million investment in the three-year period going through 1986.

Taco Bell's current media commitment is, according to Higby, the result of recent growth and success. "It's given us the kind of dollars that have allowed us to grow," he says. "We were, according to the Bernstein Report, number one in real growth for any major fast food chain in the United States in 1984. We consider that the appropriate use of radio was one of the real reasons that we achieved that number one position in growth last year.

"Taco Bell, I think, has matured a lot over the last couple years," Higby states. "All I can point to is our growth and I think that's the best indication of not only consumer satisfaction, but how people perceive us versus others in the mainstream American fast food business."

*William H. Dunlap*

How can you connect
with 41,600 big operators in
PHOENIX?

that these systems deserve careful testing. Indeed, many of the errors in the current system are troublesome, especially as they apply to cable, or unusually selective programing generally. So I don't rule out the people meter concept. Indeed, I welcome it — when fully tested. In addition to its possible benefits as an audience measurement system, it may be even more beneficial as a qualitative feedback device for program testing or other explorations.

Nevertheless, there are many questions to be answered. Are respondents able to regiment themselves in the manner required to provide a *continuous* flow of valid data? Will some people cooperate better than others? What about children's programs? What about other distortions — by season, length of show or program type? Will the "audience flow" patterns from one show to another make sense, etc.?

Let's hope that AGB's test (conducted in Boston) and recent efforts by Nielsen and Arbitron answer some of these questions. This is the time for patience, not hasty decisions made on hopes and technological wizardry. Let's get the facts, then decide. ■

**MAGAZINES**
**By JOHN CAMILLERI**
Media supervisor,
BBDO, New York

## Overview of the science magazine category

The science category is a dynamic one as it was created in a relatively short time span from 1978-80. Prior to that, *Scientific American* was the science field. For this article's purpose, the category includes the general interest science magazines with circulations from 500,000 to 1 million and encompasses the following magazines:

- *Discover*
- *OMNI*
- *Science Digest*
- *Science 85*
- *Scientific American*

With the birth of four magazines in two years (all still publishing), the question to be asked would be: Is there a market large enough to support *five* science books? The answer is apparently yes — the five monthlies have over 10 million readers (SMRB) with voracious appetites for science and technological information. Ad page growth, however, has remained flat since 1981, predominantly due to the explosion of the computer magazine segment which drew hardware and software marketers away from the science books. Additionally, a relatively soft economy and cutbacks from some major advertisers may have contributed to the stagnation. Nevertheless, consumer electronics, tobacco, liquor, computer, direct response and corporate advertisers still comprise the bulk of the category's supporters. The chart on page 128 outlining similarities and differences among the field and the succeeding paragraphs will give you a topical view of the magazines.

### Scientific American

*Scientific American*, the oldest and most technical magazine in the science genre, has been publishing since 1845, with its current format in existence since 1948. The magazine's editorial parameters revolve around a variety of topics such as research, medicine, archaeology, history, lasers, nuclear technology and other frontiers of scientific knowledge. An interesting fact is that 84 authors in *Scientific American* have received Nobel prizes; of that 84, 67 had articles published in *Scientific American* before receiving the Nobel. Eight stories per issue are published, along with bibliographies listed in the back of the book. Corporate ads (no tobacco accepted) are abundant as the composition of professional/managerial personnel is unparalleled in the field.

### OMNI

Bob Guccione's *Omni*, now in its seventh year of publication, blends ed-

How can you
corral 78,000 local leaders in
DALLAS/FORT WORTH?

| | Discover | Omni | Science Digest | Science 85 | Scientific American |
|---|---|---|---|---|---|
| **Rate base (M)** | 850 | 825 | 550 | 700 | 550 (Domestic) |
| **CPM (circ) P4C** | $18.71 | $27.00 | $31.58 | $27.28 | $44.18 |
| **Adult CPM P4C** | $ 6.98 | $ 7.96 | $ 9.94 | $12.38 | $12.19 |
| **Male/Female** | 56/44 | 69/31 | 68/32 | 55/45 | 69/31 |
| **Median age** | 32 | 29 | 32 | 35 | 37 |
| **Median HHI** | $31,496 | $30,890 | $26,372 | $31,067 | $37,168 |
| **Education** College Graduate (Index) | 164 | 186 | 200 | 261 | 295 |
| **Subscription/** single copy ratio | 87/13 | 61/39 | 63/37 | 89/11 | 81/19 |
| **Ad/edit ratio** | 41/59 | 42/58 | 30/70 | 37/63 | 38/62 |
| **Ad pages** % Diff from 1983 | 434 −14 | 818 – | 379 −11 | 384 −7 | 840 +12 |
| **Newsstand price** | $ 2.50 | $ 2.50 | $ 2.00 | $ 2.00 | $ 2.50 |
| **Accepts tobacco ads** | YES | YES | YES | NO | NO |
| **Saddle stitch** | YES | YES | YES | YES | YES |

itorial with dramatic graphic displays. Five-color ads and editorial, 46+ lb. stock (100 lb. cover) and award winning illustrations are the components of this package. *Omni*'s focus is toward the future with several science fiction articles each month attempting to stimulate the imagination and creativity in each reader. *Omni* has the youngest skewing in the science arena with a median age of 29, and has the largest newsstand sales, approximately 325,000 per month.

### Science 85

*Science 85*, published by the American Association for the Advancement of Science, celebrated its fifth anniversary with its November 1984 issue. The editorial product is serious, and while it is not as technical as *Scientific American*, it is also not usually read in a reception area. The articles and regular features attempt to link science and technology with their readers' interests in mind. On the lighter side, *Science 85* will sponsor a paper airplane flying contest, picking up *Scientific American*'s promotion from 1967. (The deadline for your entry is May 1.) Finally, although the usual ad categories (with a concentration of corporate and direct response) are present, *Science 85*'s 10x frequency and nonacceptance of tobacco advertising limit its ad pages (4th ranked in the field).

### Discover

Time Inc.'s *Discover*, which premiered in October 1980, bills itself as the newsmagazine of science. The immediacy and relevancy of *Discover*, via its fast editorial close, allows it to cover topics that are still warm from national headlines. For a layman seeking science and technological explanations of current events, *Discover* covers this segment of the field quite well.

A recent reduction in rate base (935,000 to 850,000) and CPM (30%) has allowed *Discover* to become more price competitive within and outside the science category. A plausible explanation for this lies in the overestimation of RPC for simulated magazines. When *Discover* was initially simulated, their RPC was estimated at 4.0. However, inclusion in the 1982 SMRB revealed a 2.0 RPC. Overnight, *Discover*'s CPM doubled and consequently, ad pages fell 14% from 1983 to 1984.

### Science Digest

Hearst's *Science Digest*, the latest magazine to enter the science family, carves its own niche in the field. As the title would imply, the articles are not as lengthy as the other science books, with regular "digest" columns reporting on current issues. *Science Digest* is attempting to (re)position itself as a men's service magazine, akin to *Esquire*, catering to high technology. In 1985, theme issues covering computers and software, automobiles, health and fitness, home electronics and high-tech companies will be published. *Science Digest* anticipates that this broader-based appeal will attract more ad categories (cameras, consumer electronics) as well as a larger audience. As the third most effective magazine in the category and with the new direction it is taking, *Science Digest* should attract more volume.

Given the projected population shift to a higher concentration of 25- to 44-year-olds, the science category could reap an increased harvest from this demographic group. As a technological society, with much of our environment in flux, it would seem quite natural for this magazine category to prosper. However, the rapid genesis of the field, like any other, has brought growing pains. The forecast for 1985 still holds increased investments in the editorial and physical products of the respective magazines. For 1986, however, the only definitive prediction lies in the arrival of Halley's Comet. ■

**NEWSPAPERS**
**By DAVID C. LEHMKUHL**
Senior vice president,
group media director,
N W Ayer/New York

## The newspaper renaissance

Newspapers certainly have a lousy reputation among the media community. While most of us read a newspaper each day, we all dodge accounts that use this maligned medium. Newspaper-heavy accounts, therefore, have

York, the Booth newspaper group in Michigan and all the USSPI groups around the country have been such important entries. By breaking away from the traditional "big city" newspaper buy, the planner of newspapers can prepare creative media lists.

(c) *Editorial freedom.* Newspapers offer the kind of editorial package that only a range of special interest magazines can deliver. News, sports, theater, entertainment, home furnishings, good living and business are but a few of the editorial opportunities available daily, or at least weekly. This provides an advertiser with unbridled flexibility and can make for as broad or as narrow audience coverage as desired. This kind of creative freedom is difficult to find in any other medium.

**A newspaper is a newspaper is a newspaper.** All newspapers are not created equal. One need only look at *The New York Times* and the New York *Post* to dispel this media myth. The local community newspapers offer an ever-broadening diversity of editorial product. Just as the strong media planner will study and understand the magazine medium, so too must he or she study and understand the newspaper medium.

Newspapers are, indeed, a medium that have long been castigated by media professionals. Viewed as mundane and dry, newspapers have been the domain of the discouraged planner. But the medium is in such tremendous flux and offers such diverse media opportunities that it can no longer be relegated to this "back-of-the-bus" position. A newspaper-heavy account can be just what is needed to round out the perfect (or near perfect) media person. ■

How can you sell to 98,800 of the best people in NEW ORLEANS?

**RESEARCH**
**By LARRY KELLEY**
Media research director,
Bozell & Jacobs, Dallas

## Media costs add up to marketing opportunities

Marketers recognize that few products are consumed on an equal basis across markets. Local market differences are constantly reflected in category and/or brand consumption patterns.

Just as markets differ significantly in product consumption, so too do they differ markedly in local market media costs. Sometimes the cost of advertising has as much or more variance on a per capita as local brand or category consumption patterns.

To judge the impact of local market costs, we analyzed spot television costs on a per capita basis. An average cost of all dayparts was computed and totaled for all markets. Then each market was indexed to its respective population.

The difference in population between two markets is not necessarily reflective of the cost differential. This is readily apparent in the top two markets, New York and Los Angeles. New York is 52% larger than Los Angeles, yet a television rating point costs only 23% more in New York than Los Angeles.

Overall, markets below the top 100 tended to have higher per capita costs than those in the top 100. This is simply that there is a minimum price necessary to generate a profit regardless of a market's size.

Within the top 100 markets, 26 had television costs that were higher per capita. Of these 26 markets, 16 fell into the Sunbelt area. In fact, eight of the top 10 highest television cost-per-capita markets were in the Sunbelt (see Exhibit I). The opposite was almost true for the lowest cost-per-capita television markets (see Exhibit II).

This points to differences in demand for television time with the Sunbelt gaining from its economic vitality. Demand explains some of the variance. However, there exists a 116 point difference between the highest (San Diego-169) and lowest (Memphis-53) in the top 100 television markets. This

How can you introduce something revolutionary to 104,000 business people in BOSTON?

is a larger spread than a lot of product categories' consumption patterns.

The marketing implications of such an analysis are evident. All things being equal, a marketer will spend advertising dollars to gain the most return in the most cost efficient way. If there is little difference between two markets in terms of brand development, potential and distribution, media costs could be used as a discriminator.

This may mean putting more dollars into Indianapolis versus Hartford-New Haven. These are two markets of similar size where an advertiser could get 40% more for the same television dollar in Indianapolis versus Hartford-New Haven. Given the range of television costs on a per-capita basis, advertisers should look at media costs in conjunction with brand and category development to maximize advertising dollars. The meshing of marketing and media data continues to be one of the better sources of leveraging a brand on a local market basis. ■

**Exhibit I**

**Highest television cost-per-capita markets — top 100 markets**

| Market | Index* |
|---|---|
| 1. San Diego | 169 |
| 2. Houston | 146 |
| 3. Austin | 135 |
| 4. Dallas/Ft. Worth | 133 |
| 5. Phoenix | 133 |
| 6. Miami | 129 |
| 7. San Francisco | 127 |
| 8. Hartford-New Haven | 126 |
| 9. Boston | 124 |
| 10. San Antonio | 122 |

**Exhibit II**

**Lowest television cost-per-capita markets — top 100 markets**

| Market | Index* |
|---|---|
| 1. Memphis | 53 |
| 2. Flint, Saginaw, Bay City | 54 |
| 3. Shreveport, Texarkana | 58 |
| 4. Cleveland | 64 |
| 5. Des Moines | 66 |
| 6. Toledo | 67 |
| 7. Louisville | 68 |
| 8. Wilkes Barre-Scranton | 68 |
| 9. Little Rock | 69 |
| 10. Green Bay | 69 |

*Average is 100 Source: Media Market Guide

How can you get in tight with 38,288 of the most influential in
SAN DIEGO?

**RADIO**
**By DENNIS McGUIRE**
Spot radio supervisor,
Cunningham & Walsh

## Utilizing cume combo

A "closet buy" for the uninitiated is one made without the knowledge of the salespeople of viable stations. I stress viable because one is not about to contact (for example) the seventy-odd stations in and around the L.A. metro for an L.A buy.

However, courtesy demands that the larger measured stations in a market be notified. It's also a matter of pragmatism since you never know when you'll need a station's cooperation or a favor. So an open avail request goes out and appointments are made. This is the best and fairest way of working, particularly when dealing with a new client, demographic, market, or rating book. However, after familiarity has set in, these standard procedures seem time-consuming and wasteful. We all like to utilize our time efficiently and productively. And occasionally a schedule needs placing where the buyer knows precisely what he or she is going to do. Many salespeople are astute enough to "walk away" from business they know is elusive because of tight client guidelines or the very nature of the product itself. Even so, one could still be faced with a stack of 15 to 20 avails for the bigger markets, an amount that would daunt the enthusiasm of the most stalwart buyer. Therefore, it's necessary to devise good buying practices that make the most of one's time.

One Arbitron tool I find essential is

How can you round up 26,000 top doggies in
AUSTIN?

# High times for marketers

**The airlines are out of the double slump caused by deregulation and the recession. Passenger travel is up, revenues are up. And increased competitiveness means marketing is up, too.**

Marketing is now an integral part of airline executives' vocabulary. Seven years after Washington pushed the industry toward deregulation, the airlines have begun to practice alternatives to self-destructive price wars. In the wake of bloody battles for "open sky" and filled planes, they have learned to meet market needs.

No carrier has emerged unscathed from these battles, however, nor any aspect of the business left untouched. The majors' rigid cost structure, a given in a regulated environment, has been under severe pressure from new, low-cost entrants. Too many airlines, overloaded with debt and suffering from tense relations with powerful unions, now find their existences threatened by unwieldy, two-tiered wage scales on the one hand, and the spectre of bankruptcy on the other. Schedules and fares have fluctuated wildly as the industry struggles to adapt. So rattled is the industry by free-market competition that some analysts mutter that there are two kinds of airline executives: the 30-year veterans who can't change, and the younger newcomers eager — perhaps too eager — to flex their business muscle.

Before the 1978 deregulation decision, the Civil Aeronautics Board told airlines where to fly. A carrier applied for a new route by estimating the cost of carrying a projected amount of passenger traffic, and set its prices accordingly. The resulting route system looked more like a criss-crossing railroad map than the integrated flight system deregulation seeks to create. And of course, there was no competition. Costs dictated all.

For years, the five or six major unions had been securing two and three

**FIRST HALF, 1984, MEDIA EXPENDITURES (SIX MEDIA)**

| COMPANY | TOTAL | MAGS | S. MAGS | NET TV | SPOT TV | NET RADIO | OUTDOOR |
|---|---|---|---|---|---|---|---|
| American | $23,773.4 | 1,672.2 | — | $12,371.1 | $ 9,541.9 | — | $188.2 |
| Delta | 11,067.9 | 156.6 | — | 3,985.4 | 6,229.5 | — | 696.4 |
| Eastern | 18,042.2 | 3,143.8 | $56.4 | 3,628.1 | 10,231.7 | — | 982.2 |
| Midway | 258.1 | — | — | — | 257.8 | — | .3 |
| Muse Air | 1,141.6 | — | — | — | 996.5 | — | 145.1 |
| Northwest | 1,329.5 | 1,177.7 | 50.1 | — | 21.9 | — | 79.8 |
| Pan Am | 3,381.0 | 1,507.6 | 25.6 | — | 783.5 | $31.2 | 1,033.1 |
| Republic | 3,496.6 | 5.0 | — | — | 2,989.4 | — | 522.2 |
| People Express | 2,121.9 | 8.5 | — | 512.9 | 1,444.4 | — | 156.1 |
| Continental | 1,155.4 | 13.2 | — | — | 928.6 | — | 213.6 |
| New York Air | 353.7 | 4.2 | — | — | 306.2 | — | 43.3 |
| TWA | 11,318.8 | 2,612.9 | 299.8 | — | 8,168.3 | — | 237.8 |
| United | 15,564.1 | 399.7 | — | 8,982.4 | 5,799.5 | — | 382.5 |
| USAir | 1,387.6 | 737.3 | — | — | 407.5 | — | 242.8 |

*Source: Leading National Advertisers*

## AIRLINES INDUSTRY SUMMARY DATA
(In Millions of Dollars)

| Financial | 1979 | 1980 | 1981 | 1982 | 1983 | 1984E | 1985E |
|---|---|---|---|---|---|---|---|
| **Passenger Rev.** | | | | | | | |
| Majors | 20,099.2 | 25,035.7 | 27,001.1 | 26,523.2 | 27,870.7 | 31,113.1 | 33,075.9 |
| Nationals | 1,289.1 | 1,635.2 | 2,106.4 | 2,348.4 | 2,826.7 | 3,387.1 | 3,634.1 |
| New Entrants | 1.9 | 25.2 | 180.2 | 352.0 | 593.7 | 1,202.3 | 1,444.6 |
| | 21,390.2 | 26,696.1 | 29,287.7 | 29,223.6 | 31,291.1 | 35,702.4 | 38,154.6 |
| **Total Revenue** | | | | | | | |
| Majors | 23,501.2 | 28,921.4 | 31,068.6 | 30,619.5 | 32,002.8 | 35,557.8 | 37,671.8 |
| Nationals | 1,444.3 | 1,820.5 | 2,335.8 | 2,565.0 | 3,065.5 | 3,661.7 | 3,924.5 |
| New Entrants | 1.9 | 25.3 | 182.9 | 362.0 | 611.2 | 1,239.5 | 1,492.4 |
| | 24,947.4 | 30,767.2 | 33,587.3 | 33,546.5 | 35,679.5 | 40,459.0 | 43,088.7 |
| **Operating Exp.** | | | | | | | |
| Majors | 23,258.1 | 29,264.6 | 31,534.9 | 31,171.3 | 31,951.8 | 33,859.0 | 36,989.4 |
| Nationals | 1,330.4 | 1,702.0 | 2,152.2 | 2,474,7 | 2,940.7 | 3,360.6 | 3,658.6 |
| New Entrants | 3.3 | 30.1 | 196.3 | 364.2 | 596.5 | 1,195.1 | 1,481.3 |
| | 24,591.8 | 30,996.7 | 33,883.4 | 34,010.2 | 35,489.0 | 38,414.7 | 42,129.2 |
| **Operating Inc.** | | | | | | | |
| Majors | 243.1 | (343.2) | (466.3) | (551.8) | 51.0 | 1,698.8 | 682.2 |
| Nationals | 113.9 | 118.5 | 183.6 | 90.3 | 124.8 | 301.1 | 266.0 |
| New Entrants | (1.4) | (4.8) | (13.4) | (2.2) | 14.7 | 44.4 | 11.1 |
| | 355.5 | (229.5) | (296.1) | (463.7) | 190.5 | 2,044.3 | 959.5 |

*Source: L. F. Rothschild Unterberg Towbin*

year contracts with hefty built-in premiums. By 1980, with the deregulated environment heating up, labor accounted for 40% of a major airline's costs. Several factors helped management convince the unions that survival meant compromise. President Reagan's response to the air traffic controllers during the 1981 PATCO strike ushered in an anti-labor mood that benefited the airlines. The upstarts, born of deregulation, helped set the tone by snapping up unemployed professionals at lower wages. By the time Continental Airlines, stalemated in labor talks, sought the protection of the bankruptcy court in 1983, the carrier had no trouble winning approval to cut labor costs in half to keep flying. Some majors, led by industry leader American Airlines, adopted a two-tiered labor structure, while partial employee ownership also helped erode the unions' stranglehold. Now, as the labor pool becomes younger and more flexible, the unions' power is deteriorating further.

Another problem, also now easing, was fuel, which in 1980 accounted for 33% of costs. Fuel prices skyrocketed during the 1970's, from about 11 cents a gallon in 1972, to a 1981 high of $1.10. The steady weakening of the OPEC cartel, and the falling fuel prices in the current glut, are a god-send to the industry: A penny a gallon translates to $10 million on a major carrier's bottom line. By 1985, the price has dropped to 81 cents, and some analysts believe it may reach 75 cents before the year is out.

These developments have substantially altered the industry's cost structure. Labor now accounts for 33%, and fuel, about 27%. The effect on profits is undeniable. In 1982, the industry's worst year in terms of earnings, the majors lost over $550 million, the combined effect of the recession and the after-shock of deregulation. Last year, their combined operating income hit about $1.7 billion, or 83% of the industry total. The price of this pyrrhic victory has been high, however. Since 1978, 120 airlines have closed or filed for bankruptcy protection. Braniff's bankruptcy in 1982 leaves 11 majors meeting the $1 billion revenue mark.

Marketing has been forced onto the "new" airline industry from a number of angles, but the most significant change is that they must now protect their flanks from new competitors. These upstarts are the marvel and bane of the airline industry. Each was started with two basic premises: that passenger traffic under regulation didn't accurately reflect demand in a given market, and that it was possible to stimulate discretionary travel with low fares. Low fares meant a higher load factor, or break-even point — more than 60% on carriers such as People Express or Midway, compared with low- to mid-50's for full-service airlines. To compensate, these fledglings invented a cost structure that turned the industry on its head, relying on low-wage labor, making frills out of such regular features as baggage checking, and buying used planes. This last has made a critical difference. Not even all the majors can afford the hefty $25 million price tag for a new plane. They usually opt for one of two types of lease arrangements, incurring debts that can be crippling.

After four years of ignoring the significance of these upstarts, the truth began to sink in. No matter which measure they chose — revenue passenger miles, or passenger share out of certain markets — the majors saw their business slashed by these irreverent newcomers. The industry responded by wielding its new, untried post-dereg-

ulation weapon: pricing. "It's the old bottom-and-seats theory," explains Robert Joedicke, an industry analyst with Shearson/American Express. "You lose money on the individual passenger, and hope to make up on increased volume." The fight, spurred by Pan Am's fare cut in 1983, quickly became no-contest as the newcomers met the challenge. Other carriers tried another, equally dangerous tactic, expanding indiscriminantly into new markets. By the time carrier Braniff was adding 16 new cities a day, some observers wondered whether deregulation was going to work after all.

All this bickering turned out to be terrific for passengers. Traffic has increased steadily by about 8% a year, to a record 340 million passengers in 1984. Real fares are lower now than six years ago.

Analysts believe this change in travel habits may help even out the industry's treacherous seasonality. Business tends to build in the spring, and peak dramatically in the summer months before falling off sharply after Labor Day.

Though the process has been slow, the industry has made great strides toward becoming marketing, instead of cost driven. This is no easy task, as Joedicke explains. "This is basically a commodity business — a seat is just a seat," he says. "And that fundamental aspect isn't going to change." Still, the industry has started exploiting such tools as service and scheduling more adroitly. Most important, the carriers have been innovative, creating brand loyalty with frequent-flyer programs. American Airlines' pioneering Advantage program, introduced in 1981, has been copied by virtually every airline. There are now about 10 million business travelers signed up to garner mileage points and win free travel, and the applications keep coming in. Three-quarters of business travelers are frequent flyers, and about 40% belong to more than three programs. With everyone in on the game, some airlines have been fine-tuning their offers. Smaller carriers tie-in with majors so they can reward their heaviest-use patrons with off-route trips to alluring vacation destinations, such as Hawaii, served by the larger carriers. Other tie-ins include extra miles with stays in certain hotels or car rentals.

These programs aren't cheap to set up: Costs range from $2 million to more than $12 million, depending on the intricacy of the system and how much of it is contracted outside the airline. The net effect has been to benefit the four largest carriers, American, United, Eastern, and Delta. The reason is simple: Most travelers opt for a vacation destination when they cash in their chips, and these four offer the broadest choice. "No one wants to go to Syracuse for the weekend," comments one airline executive. Though the notion of brand loyalty has caught on among travelers, the lure of leisure may be stronger. Smaller carriers may be losing as many members to the Big Four as the frequent flyer programs attract. At the same time, these incentives are so popular that no one can afford to drop out and risk losing business.

The popularity of frequent flyer programs hasn't gone unnoticed outside the industry. Airline executives may be tickled that travelers are willing to be

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re-routed to accumulate miles, but the Internal Revenue Service is not. Since corporations foot the bill for business travel, but the businessman gets to keep the gifts and free travel, the IRS believes frequent flyer programs should be treated as taxable perquisites. The IRS is worried that potential revenue is slipping through its fingers, and not a trifling sum, either. A recent estimate pegs the value of unnecessary travel accumulated by these free-mileage junkies at $9.5 billion, 10% of total corporate travel expenses.

Even if the IRS comes down hard, the industry will still have gotten more than it bargained for. Each carrier has been able to put together a huge database on its best customers — over two million strong for American, 1.5 million for Delta. This valuable marketing information has made direct marketing not only a possible, but an efficient alternative. Some carriers have seized on the direct marketing opportunities to send members a monthly statement of their accrued miles. "They actually read the mail we send them," crows AA senior vice president of marketing Thomas G. Plaskett. "It's a direct marketer's dream."

Such marketing efforts have not been limited to the much-courted business traveler. American Airlines, as always the leader, has set its sights on the leisure traveler. Frequent flyer data helped dismiss an old industry truism that the business traveler accounts for 65% of an airline's business. In fact, that proportion has always hovered around 50%, even dropping to 48% in 1984. This prompted American to lure discretionary business by offering 70% discounts on all its routes. At first, the deep cut, which took effect two months ago, stunned the industry, which saw the phantom of fare wars rising before its eyes. But the truth was soon apparent: American had restructured its entire fare schedule to eliminate a middle level of discounts, surrounding the new Ultimate Super Saver with so many restrictions that the net effect would be a boost in revenues. Competitors matched quickly but not, as Plaskett points out, completely. And Wall Street loved the move. Perhaps for the first time, marketing pointed to a strategic fare restructuring.

*American Airlines sponsors renovation of the Statue of Liberty.*

One area likely to get increased attention is the industry's relations with travel agents. As of January 1, when the CAB ceased to exist, the nation's 27,000 travel agents became deregulated. On paper, the move opens the way for airlines to seek additional


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channels of distribution. But travel agents, who write between two-thirds and 75% of an airline's tickets, wield a disproportionate amount of power. They can precipitate an airline's decline if word gets out that the carrier is having trouble paying its debts or breaking a labor stand-off. "When an airline gets into trouble," says Tim Pettee, an analyst with L. F. Rothschild, Unterberg & Towbin, of travel agents' speedy reactions, "it's like the world is coming to an end."

Most travel agents get a 10% commission on the tickets they write — more if they bill a bigger piece of business. If a carrier, seeking to cut costs, was to strike a deal with an outlet such as Ticketron for a 5% fee, the travel agent community would probably react by not booking flights on that airline. "Travel agents are antagonistic as a group," comments Michael Derchin, an industry analyst with First Boston. "No one airline will stick its neck out. It will take a long time."

For the past seven years, media expenditures have been a perfect barometer of the industry's mood. Measured media will top $400 million this year — not including local newspaper advertising, co-op moneys allotted to travel agents, and hefty trade expenditures to placate this wary group. This outlay is more than four times what the industry spent in 1978. Perhaps more significant than the absolute size of budgets is the shift that has occurred among favored media. The industry's first reaction to deregulation was to sweep into newspapers, seizing on the medium's fast-closing to post prices and schedules. In a single year, total national newspaper expenditures jumped almost 30%, and kept rising until they reached a peak of $154.9 million in 1982. "Almost all advertising was tactical," says one airline executive. "We were responding to this brush fire in city A, that one in city B." Since then, the industry has reverted to broadcasting, especially the large carriers who have flocked to network television. The reasoning is straightforward: The carriers are intent on creating distinct images, rather than just promoting fares.

The airlines covered in this report include the top 10 in revenues (1984 figures), and the leading new carriers.

### Major carriers

A seat may still be just a seat, but an airline isn't just an airline. The carriers, already set apart from each other by such hard financial data as cost structure and debt, as well as by distinct attributes as labor relations and sheer size, are now also distinguished by their agility as marketers. Even airline executives admit to themselves that there are those who do and those who don't. A recent Saatchi & Saatchi Compton survey of airline executives turned up five marketers out of a pool of 43 airlines: American, United, Delta, USAir, and People Express.

**United** may be the nation's largest carrier, with 1984 revenues of $6.2 billion, but the airline has let close rival American take the leadership position in marketing. Instead, United relies on size. With a route system spanning about 3,000 markets, it offers the broadest range of destinations. This, in part, accounts for the success of United's frequent flyer program, which now has about one million members.

The frequent flyer program notwith-

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Devoting our editorial 100% to travel makes Travel-Holiday a well-respected source of information in the industry. As such, we recognize the importance of another very influential travel authority: the travel agent. Recently, we conducted a survey among the 28,000 top agents who receive our magazine each month. We found out they read us, share us (agent passalong is nearly 100,000!) and rely on us regularly in their business.
Considering that the average travel agent grosses over $2.3 million a year in billings, shouldn't your advertising be in the hands of these very key people? For more information on Travel-Holiday, the buy that works, contact Ruth Halpert, Adv. Mgr. Travel-Holiday, Travel Building, Floral Park, NY 11001. (516) 352-9700.
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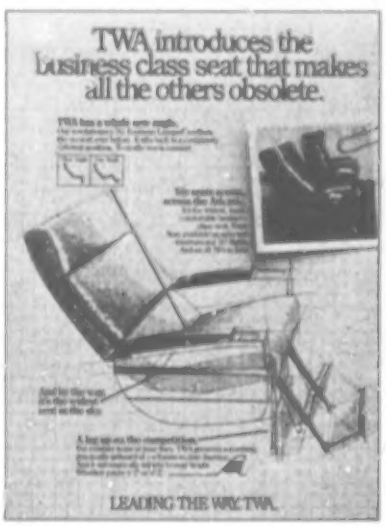
standing, United's marketing is targeted primarily to the mass audience. United has traditionally been the industry's heaviest investor in television, spending almost all of last year's estimated $40 million budget in that medium. "The message has changed since deregulation," notes vice president of advertising, Jack Ruhack. "We're trying to keep top-of-mind awareness now." Though United has been shy to set the pace, the airline is loath to let American get away with a good idea. As soon as American introduced its deep discounts, bound by restrictions, United matched in all but the 300 markets where it competes with lower-cost Continental and People Express. "We've taken out the middle-fare structure," comments Ruhack.

**American,** whose 2,400 markets pulled in revenues of $5.4 billion last year, has emerged as the industry pacesetter. American first earned that reputation by singling out the business traveler with its innovative Advantage frequent flyer program in 1981. Since then, Advantage's membership has swelled to more than two million. "We've averaged more than 1,500 applications a day," crows Tom Plaskett, senior vice president of marketing. American uses its new database for everything from promotions through direct mail to countering a competitor's pricing announcement, regardless of its media mix, with a speedy, efficient mailing of its own.

This year, American is holding its advertising budget steady at about $50 million, but boosting spending in direct mail. Like United, American is a heavy television user, spending as much as 90% there. Though most of the messages are image-oriented, American has recently started using broadcast to publicize its trend-setting Ultimate Super Saver. This new deep discount — 70% off, system-wide — carried just enough restrictions to lure the discretionary traveler without pulling in business travelers. Plaskett believes the move, at once a tactical shift in target audience and a revenue-generator, will both expand the market and improve profits all around. "We've planned for the change to be a permanent one," he says, "but nothing is certain in this marketplace."




*TWA is proud of the "leadership" campaign.*

Third-ranked **Delta** (1984 revenues, $4.6 billion) is the industry's anomaly: an airline with no labor problems. With the exception of the pilots, Delta uses non-union labor. Company executives say this long-standing arrangement

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promotes *esprit de corps* and analysts agree. Al Kolakowski, manager of marketing services and a 21-year veteran, says this family atmosphere has helped keep the airline going in tough times. "Instead of laying people off," he explains, "we'll temporarily assign them to different departments — flight attendants will help out behind the reservations desk." Marketing strategy focuses on making the public aware of the Delta family.

Delta carries 32 million passengers a year on its extensive route system through primary hubs in Dallas and Atlanta. Not surprisingly, the carrier is a heavy user of television — about 80% of its estimated $27 million budget last year went for television. Kolakowski points out that the media mix has undergone a substantial change. Until recently, 40% of the budget went into print. "This year is our first wholesale venture into national tv with an image campaign," he says. The carrier is targeting the much-desired business traveler as well as the vacationer, who represents 40% of Delta's passengers. Carriers, he comments, are plagued by the age-old problem: "The corporate client base is fairly constant, but, with that traveler alone, you've still got a fair number of empty seats."

In the last few months, the words "troubled airline" have come to mean only one thing: **Eastern,** the last of the "Big Four." The airline's $2.5 billion debt and chronic antagonism between management and labor has led some to speculate that Eastern might not survive the next economic downturn. Others, including First Boston's industry analyst, Michael Derchin, believe the airline is hardier than that. "It takes a long time to kill an airline," he says. Eastern recently secured a two-year contract from its unions with concessions expected to save the carrier $250 million this year — but not before Eastern defaulted on debt payments and threatened bankruptcy.

Eastern is now in the midst of restructuring its routes, pulling out of heavily competitive markets such as Houston, where the carrier once had over 40 departures a day and now has about 25. At the same time, the carrier has just signed a promising contract with Continental Freightways. The freighter bought the cargo space in seven Eastern planes, which will fly several trans-continental routes. Seats on the flights will be sold at a heavy discount. The contract is expected to net Eastern about $30 million. "Passenger revenue," comments one analyst, "is just gravy on top of that."

Eastern's marketing, says vice president of advertising, Paul Augur, has two distinct elements. The campaign for the Shuttle, a Boston-New York-Washington link, is targeted solely at business, which represents as much as 90% of the travel during the week. "The Shuttle could be a separate airline, the way it's run," he notes, pointing out that there are no reservations, and that seats are guaranteed. He adds that the airline's frequent flyer program works best on this leg. On the rest of its route system, Eastern competes most heavily with Delta. Eastern's marketing is aimed at securing the East Coast — "our fortress area," as Augur calls it. The carrier has increased spending dramatically, to a total of $40

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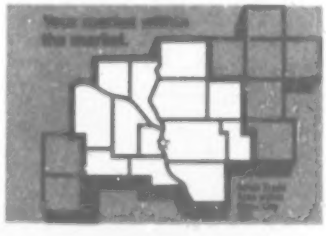

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million in 1984.

About 80% of **TWA**'s $3.7 billion in revenues last year came from domestic routes, many of which feed into the airline's extensive world-wide system. TWA has never been known as an aggressive marketer — in fact, respondents to the Saatchi & Saatchi survey (see introduction) named the carrier as one of the most disappointing. Part of the reason is that TWA doesn't always think out the consequences of its marketing programs. Take a recent example: At the end of 1984, TWA announced a joint promotion with Polaroid, offering a 25% discount off-season with the purchase of certain cameras. Because the promotion wasn't limited by the usual caveat "one per customer," a huge

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Pan Am's Putting A Million Dollars into Every 747 We Fly.
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*Pan Am targets the business traveler.*

secondary market sprang up and coupon brokers had a field day. Vice president of marketing programs Erv Kauffman insists that the promotion has successfully attracted a "new clientele," the leisure traveler. But others point out that corporations were among the first to line up and buy coupons from the brokers.

More recently, TWA announced an agreement with CompuServe, the online service, to provide its PARS reservation system to CompuServe's base of 185,000 PC owners. The airline insists it won't circumvent travel agents. In fact, about 80% of the current PARS users take their business to a travel agent once they've determined schedules and fares. Kauffman is pleased with TWA's new "leadership" campaign, which broke on television two months ago. About half the estimated 1984 budget of $30 million went into that medium, below industry averages. "Since deregulation," explains Kauffman, "we've gone into quicker media, such as newspapers and radio." Direct mail in support of TWA's frequent flyer program, over 1.5 million members strong, is getting 10% of the budget this year, up from 7% in 1984.

**Pan Am,** with a loss of $220.2 million on revenues of $3.7 billion last year, is still struggling to recover from the 1981 acquisition of National. The acquisition, cited as among the 10 worst mergers ever, was supposed to give Pan Am a domestic feeder system for its international flights. Instead, the new owner slashed National's most profitable southwestern routes. The two managements, say analysts, never fit. Ever since, Pan Am has been trying to simplify its fleet, one reason company executives call 1984 a transitional

Represented nationally by: Cresmer, Woodward, O'Mara & Ormsbee, Inc. (CWO&O).

year. The airline started the year having to swallow a bitter pill: the first strike in 20 years. Service was cut as much as 60% while the airline struggled with labor relations. Marketing, therefore, hasn't been top-of-mind at Pan Am. Last year, the airline spent about $10 million, much of that in business publications. Since Pan Am is "90% an international airline," says a company spokesman, the sole target is the business traveler.

**Northwest Airlines,** based in Minneapolis, is the leading U.S. carrier to the Pacific, according to Thomas Koors, executive vice president of marketing. About half the carrier's $2.5 billion revenue in 1984 came from international travel. "We've had a lot of success expanding over the two major oceans," he says. Koors adds that the airline "targets all audiences," but most of the $4 million spent in media last year ended up in *The Wall Street Journal* and business publications. Northwest also uses travel-related and Sunday magazines. Now that the airline has established its international routes, the emphasis is switching to domestic expansion. The first step is increasing frequency on existing routes.

**TOP 10 AIRPORTS (1983)**

| | |
|---|---|
| Chicago | 42.8 million |
| Atlanta | 37.9 million |
| Los Angeles | 33.4 million |
| NY-JFK | 27.9 million |
| Dallas/Ft. Worth | 26.7 million |
| Denver | 25.2 million |
| S. F. | 23.1 million |
| Miami | 19.3 million |
| NY-LaGuardia | 18.8 million |
| Boston | 17.8 million |

*Source: Air Transport Assoc.*

**USAir,** with 1984 revenues of $1.6 billion, is cited as one of the industry's most astute marketers. The reputation stems from the carrier's stronghold in Pittsburgh, where it has almost 80% of passenger traffic. That means, explains Tim Pettee, C. F. Rothschild's industry analyst, that the carrier can charge what it wants along the short-hauls in the Northeast that emanate from the hub. Another reason for USAir's accolade: The airline was the last to initiate a frequent flyer program because it already had strong brand loyalty. Their frequent flyer approach is low-key. There are no tie-ins with other airlines or with car rental companies. Media mix, meanwhile, continues to center on the business traveler, with about 60% of a $3 million budget earmarked for business magazines.

**Republic** is completing a turnaround that has taken four years. So far, the ninth largest airline has succeeded in trimming costs by securing an extension on a 15% pay cut. The once-messy route structure is now neatly orchestrated from three hubs: Memphis and Detroit, where Republic leads in passenger traffic, and Minneapolis. Restructuring, says A.V. "Sky" Magary, senior vice president of marketing, has boosted the proportion of business traffic to about 55%. So has the frequent flyer program, with tie-ins with Pan Am, National Rent-a-Car and Hertz. Much of the $7 million budget last year went to spot television, but, says Magary, Republic tends to use radio and newspapers more. "We used television as a backdrop for topical promotions," he says.

**Continental,** which has spent the past 17 months flying under the protection of the bankruptcy court, plans to start paying back creditors by the end of this year. The airline, which posted revenues of $1.2 billion in 1984, was the first of the majors to threaten its unions with bankruptcy to break labor costs. As aggressive as Continental has been internally, the carrier is determined to remain competitive. "They've gone on record stating they will maintain their posture as the low-cost airline," says a competitor of Continental's firm grip on its Houston hub. Success has made company executives cocky: As soon as United matched American's Ultra Super Saver fares, Continental launched a campaign promising to put the two larger carriers out of business. "We wanted to get the attention of decision makers," explains Tom Volz, vice president of marketing for the carrier. "We wanted American and United to adjust their fares to Conti-


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| | Rate Base (000) | CPM | Small And Mid-Size Businesses* (000) | CPM |
|---|---|---|---|---|
| Nation's Business | 850 | $18.80 | 620 | $25.77 |
| Inc. | 600 | 36.58 | 449 | 48.91 |
| Venture | 300 | 37.77 | 229 | 49.56 |

*Subscribers in companies of up to $25MM annual sales.

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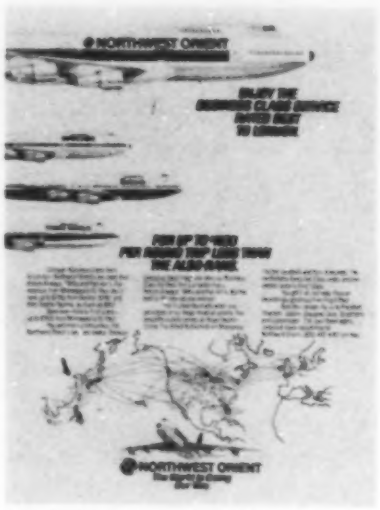
nental levels in Continental markets, and we've accomplished that."

Volz says the business traveler, who represents under 50% of Continental's business, is "our bread and butter." All the same, he adds quickly, the low-cost image attracts vacationers. "Our core market is a male between 29 and 42, with $40,000+ income — your typical advertising agency demographic. But if you put all your money against only 35% of your market, you're missing a lot," he says. Volz points to Continental's research, which indicates that women are still the primary decision makers for pleasure travel. "We don't necessarily reach them on the sports page," he jokes. As a result, Continental's media usage has undergone a radical change. The airline now puts its estimated $6 million budget into suburban newspapers and a mix of business and women's books.

### New entrants

Deregulation brought a flurry of upstart airlines in competition with the majors, armed with lower fares and, occasionally, a different route structure. Seven years later, observers say the market is just as closed to more entrants as it was before deregulation. One reason is the track record of these fledglings. Of the dozens of new airlines, even the leader, **People Express,** is having growing pains. L.F. Rothschild analyst Tim Pettee ticks off the reasons: Desirable gates are inaccessible, popular routes are too competitive, and financing is impossible.




*Northwest Orient is building its Atlantic business.*

Some of the early winners may already be in a tailspin. **Midway,** for example, the first new airline out of deregulation, set its stakes on the New York-Chicago route via Chicago's second airport, Midway. Touting low fares and a shuttle service, Metrolink, the airline has yet to turn a profit. A recent management shuffle followed the resignation of chairman Arthur Bass, who pioneered the business-oriented Metrolink, and of president Neal Meehan. Some observers wonder how much longer Midway can continue after posting $22 million in losses on revenues of $149.1 million.

Newark-based People Express, now the largest carrier out of the New York area, may be too ambitious for its own good. "It's become growth for growth's sake," says Robert Joedicke, Shearson's industry analyst. "They're getting away from the basic principle of low fares — egos are a great thing in this industry." Other analysts speculate that People Express, which lost money on its 1984 revenues of $587 million, may be contemplating a second hub on the West Coast. Part of the reason People Express has been expanding so fast stems from the management style instilled by founder and chairman Donald Burr. Under the theory that employees are more committed to the company if they share its fate, every employee must buy shares. Morale is boosted by continuous seminars and by a job-rotation program unique in the industry. Employees rotate from one job to another — this week, reservations, next, baggage handling. "That's not an airline, it's a socialist regime," quips one analyst. So far, brotherhood has worked out, except at the upper management levels. Since the departure of two of PE's cofounders, Burr has said he plans to "pull back and consolidate."

Meanwhile, the carrier just raised fares on all but one route (Baltimore-West Palm Beach) to offset the costs of its rapid expansion — 12 new markets and 1,800 new employees over the past two years. Yet the carrier spends $10 million+, maintaining its posture as the low cost airline.

*Laura Konrad Jereski*


# LOOK AROUND.

Look at circulation. Look at decision makers. Look at cost. *Nation's Business* runs rings around the competition. To see what we can do for you, call your *Nation's Business* Representative or Brett Perrine, Advertising Director, at (212) 370-1440. And be sure to ask about our key market studies on trucks, small computers, word processors and copiers.

| | Rate Base (000) | CPM | Top Management (000) | CPM |
|---|---|---|---|---|
| Nation's Business | 850 | $18.80 | 559 | $28.57 |
| Inc. | 600 | 36.58 | 444 | 49.44 |
| Venture | 300 | 37.77 | 202 | 56.12 |

**Nobody reaches the nation's business like Nation's Business.**

viewership among the Executive Caravan sampling, as compared to the average 14% weekly viewership of *Today Show, CBS Morning News,* and *Good Morning America*. However, among execs with ESPN, that viewing jumps to 9%; *Today Show,* 16%; and *CBS Morning News* and *Good Morning America* each average 13%. Among execs receiving ESPN who are aware of *Business Times,* that figure climbs to 19% viewership, as compared with *Today Show* at 15% and both *Good Morning America* and *CBS Morning News* averaging 18% each. A similar pattern emerges in the Mid-Exec Caravan, but most notably among execs who are aware of *Business Times*. Some 23% are regular viewers, compared with a *Today Show* viewership of 12.5% and *CBS Morning News* and *Good Morning America* about 16% each.

Nielsen's March 1984 figures support *Business Times'* skew toward an upscale audience. Among ESPN households, *Business Times* scored a 3% total cume for adults 25 years old+; a 7.9% cume for men 25+ with household incomes of $50,000; and a 10% total cume for men 35-64 with a household income of $50,000+.

In its first year of operation, *Business Times* claimed 39 advertisers including Paine Webber, Mercedes and American Express. That figure is up to 80 this year. Ogilvy & Mather's senior vice president and associate media director Wilma Epstein is "extremely impressed with the production values and editorial work" on *Business Times*. For client AT&T Information Services, that environment is compatible with the company's targeting of business-to-business advertisers. "*Business Times* is tailor-made to reach senior management which are hard to find in the mass media," says Epstein, who is working out a parallel merchandising campaign for AT&T on the cable network.

Financial News Network shifted its emphasis to cable in 1983, having failed to expand as a UHF station. The previous year, the network was ravaged by a struggle for control which pitted its directors against its chairman and founder Glen Taylor. And, to compound the picture, FNN that year lost $4 million on $740,000 in revenues. A $5 million offering of stock and warrants later in 1982 set the network on a more even keel, but ensuing hassles, prompted by failed attempts to muster affiliate support, forced FNN to switch satellites three times. Finally, last October, losses of $500,000 a month forced a virtual shutdown of the news bureau in Santa Monica.

The network, which quadrupled its subscriber base within one year, now claims 1,100 affiliates and reports the largest per-system sub average of any basic cable network. Citing "realignment" of personnel, .3 and .5 Nielsen ratings, and renewed interest within the investment community in its stock, FNN senior vice president Elio Betty says the network is in an "excellent position." He claims, "With the impact of increased sales and redistribution of staff, we expect to break even by our fourth quarter [June/July]." He also adds that in the network's second fiscal quarter (December-February), ad sales increased 38% over last year, with 60%-70% of its inventory consistently sold-out.

FNN offers nearly 18 million subscribers 13 hours a day of business programing which include *Business Today,* featuring a.m. business news, special reports, and interviews; *Marketwatch,* which tracks the progress of national and worldwide markets during trading hours; *Moneytalk,* a personal investment show; and *Wall Street Final,* a summary of the day's business plus in-depth focus on key trading activity.

Media analysts have questioned the rationale behind FNN's programing during the 10 a.m.-4 p.m. weekday, despite Nielsen reports that the network has an uninterrupted skew toward AB counties with upscale demos during those hours. Kenyon & Eckhart's Bernstein questions the attention level of these viewers. "I have serious doubts as to who FNN is reaching and what the viewing environment is during those non-prime hours," says


# LOOK HARD.

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| | Rate Base (000) | CPM | Top Management (000) | Small and Mid Size Businesses* (000) |
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| Nation's Business | 850 | $18.80 | 559 | 620 |
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| Venture | 300 | 37.77 | 202 | 229 |

*Subscribers in companies of up to $25MM annual sales.

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Bernstein. "Yes, the Rolex watch may be appealing to that businessman, but he's eating lunch or reading the paper and not giving concentrated time. An advertiser with a limited budget would get more mileage and diversity of viewership with spots on let's say a CNN at primetime which also targets the business investor when he can devote greater attention."

FNN advertisers like BMW and Dean Witter are opting for scatter buys or exclusive sponsorship of the three- to five-minute segments entitling sole sponsors to a minimum of one :30 unit per report; opening (and often closing) billboards; and, for *Ag Weather*, *On the Line*, *The Office*, and *Business Week Outlook*, on-air promotion with sponsor identification and product exclusivity. Frank Dinino, senior vice president of Independent Media Service, an Atlanta-based media planning and buying group, developed special programs related to client Hayes Computers' high tech product. *Computer Corner* kicked off in late January with a five-minute, 39-week schedule featuring personal computer use. Hayes also sponsors *The Office*, which discusses emerging office technology, and bought partial sponsorship of *Business Week Editors*, which affords the company a billboard. Advertising on FNN is part of a three-pronged campaign which includes business magazines to increase awareness in the business community; network primetime schedules; and cable to target computer enthusiasts.

FNN, which garnered $4 million in ad revenues in 1983 and $6.5 million last year, is expected to hit the $11 million mark by year-end.

USA Network commands some of the highest :30 rates for its *Wall Street Journal* series, the bread and butter of its economic reporting. In primetime, the *Report* costs $2,450-$2,600 for a :30. Weekend daytime on the *Memo* goes for $1,750-$3,000 a :30. Toyota, in its second year of sponsoring the *Wall Street Report*, justifies that premium cost in light of the network's targeting a "receptive" audience. "Toyota's rationale was that those who didn't zap the *Wall Street Journal Report* were likely to be upscale and receptive to a top-of-the-line product," says Dancer Fitzgerald Sample senior vice president, Beverly O'Malley.

"Hopefully Toyota's message would have a greater impact in that environment," she adds, noting that financial programing is particularly applicable to upscale clients (high-ticket category) who can bear the premium pricing for targeting high-end skew. O'Malley acknowledges that the agency "long resisted" the pricing set forth by the financial cable program, but adds that "the numbers indicating viewer demos and the first-rate quality of the financial programs have created a blitz of interest," especially among insurance companies, computer hardware and software manufacturers, and financial services clients. While Toyota has product exclusivity during the 7:58 p.m. slot, Lincoln-Mercury is guaranteed three out of five spots in the prime *WSJ Report* on weekdays. On weekends, Ramada Inns and Kodak buy scatter on the *Memo*.

USA Network's a.m. *Biznet*, the only live news program from Washington, D.C., provides one hour coverage of business news. Although its time slot (weekdays, 6 a.m.-7 a.m.) precludes Nielsen viewership data, USA's research analyst Sue Rynn claims they are picking up the "much neglected" female audience for business programing. Elsewhere on the schedule, *The Pocketbook News*, offering consumer tips and financial advice each weekday afternoon, has an audience composite 42% women between 18 and 49, and 29% men in that same age group. *Late News Report*, a primetime wrap up of the day's financial news, attracts an audience 25% of which are women 18-49, and 43% of which are men 18-49, while the *Weekend Report* includes 35% 18-49 women and 30% 18-49 men.

The newest entrant into the financial arena, from Hearst/ABC-Viacom's Lifetime, is *Smart Money*, an interactive, primetime series on personal money management. Also on the horizon, International Business Network intends to telecast worldwide business and financial news along with informative features targeted to execs, entrepreneurs and the investing public, says IBN innovator Dan Sobel. IBN is lining up UPI, Reuters and various financial sources, says Sobel, and plans to offer advertisers sponsorship identification together with a "no clutter environment for their commercials, hence a more potent setting conducive to greater recall of the commercial message."

Overall, Ron Kaatz, U.S. director of media concepts for J. Walter Thompson, equates cable's financial fare with fine business publications in justifying the former's "relatively high CPM's." He acknowledges, however, that the cable nets have a challenge inherent in this comparison. They must educate advertisers conditioned to print-only avenues about the creative options offered by cable. Kaatz notes: "The surface of financial programing and advertising opportunities on cable has not even been scratched. The creative opportunities — for instance, a company's taking out a two-minute message when its financial report is released, a sort of 'company report video,' — could give the participants visibility in a manner which cable alone can afford."

With agencies contemplating projects like these, the financial cable packages have good reason for their current optimism. *Judith Reitman*

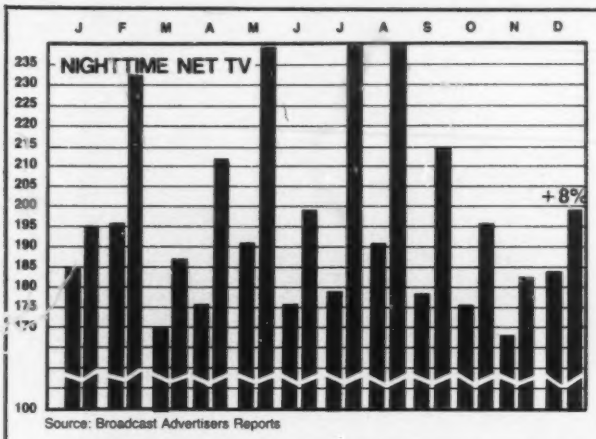
**BROADCAST NETWORK NEWS PROGRAM CPMs**

| Network | Program | CPM 4th quarter* | CPM 1st quarter '85** |
|---|---|---|---|
| ABC | Nightline | $6.33 | $5.28 |
| ABC | This Week w/David Brinkley | 4.81 | |
| ABC | Evening News | 5.89 | 3.75 |
| NBC | Evening News | 5.70 | 4.40 |
| CBS | Evening News | 5.00 | 4.20 |

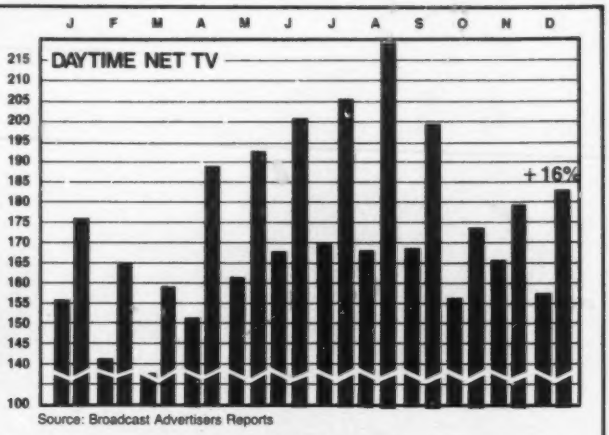
*Source: Nielsen's "Cost Per Thousand," October-December 84.
**Source: Paul Kagan Associates

# MEDIA COST INDEX

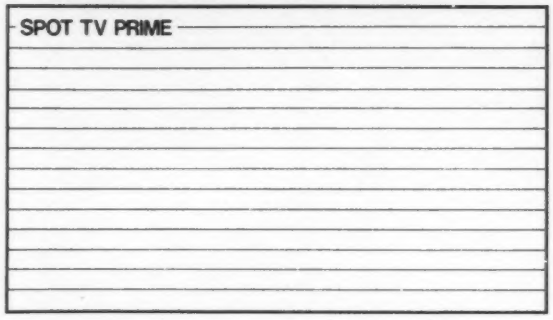
Black bars index for 1983; color bars 1984; base year 1977

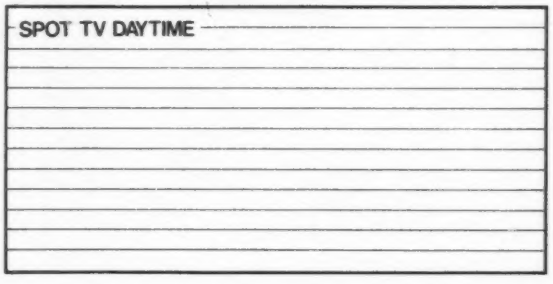


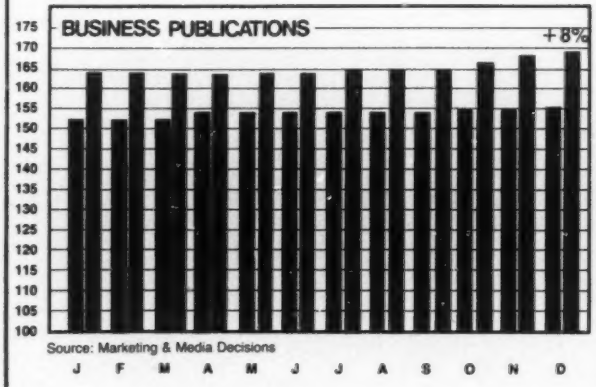

Source: Broadcast Advertisers Reports




Source: Broadcast Advertisers Reports




Source: Marketing & Media Decisions

J F M A M J J A S O N D

The increase in **spot radio** rates in the fourth quarter, according to data supplied by Radio Expenditure Reports, was +14% over the same quarter in 1983. This was the smallest increase for any quarter in 1984.

**Network radio,** on the other hand, showed greater increases in the fourth quarter than in earlier quarters. Broadcast Advertisers Reports' data show a +8% increase for December, the best month of the year.

**Daytime network tv,** which had been showing lesser month-over-month increases since August, turned upward in December. The BAR data show a +16% change. **Nighttime network tv** continued its month-by-month decline with an 8% increase over December 1983.

Print media have been holding rather steady in the closing months of the year, showing only slight changes over the year-ago months.

The Institute of Outdoor Advertising again reported +6% for the average cost per **outdoor** panel in the top 50 markets. **Consumer magazines,** according to a Magazine Publishers Assn. sample, held at +7%. The **national Sunday magazines** held at +9%.

**Business publications,** based on a *Decisions'* sample, were up one point to 8%; **newspapers,** based on data supplied by the Newspaper Advertising Bureau, were up 7%, after running at the 9% level for several months.

**The Media Cost Index** reflects trends extracted from available sources. This analysis uses standard competitive report sources to develop comparable costs that reflect monthly cost trends by medium. Where industry competitive sources are unavailable, selected cost data from SRDS are sampled.

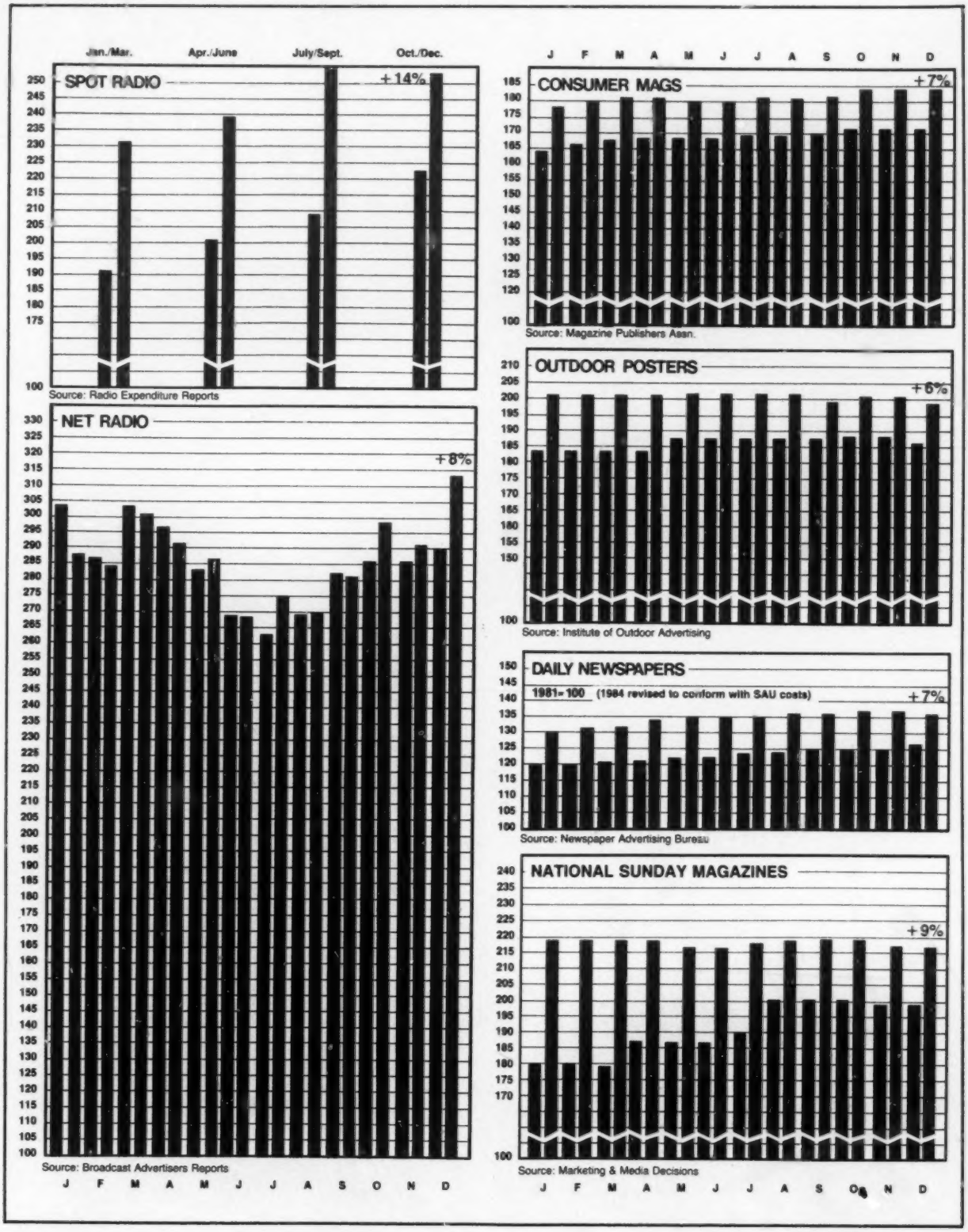
Sources: **Nighttime Network TV** — Cost per average 30-second spot, 7:30-11 p.m. Monday-Saturday and 7-11 p.m. Sunday from Broadcast Advertisers Reports' (BAR) Network TV Service. **Daytime Network TV** — Cost per average 30-second spot, 10 a.m.-4:30 p.m. Monday-Friday from BAR's Network TV Service. **Network Radio** — Cost per average 30-second radio announcement from BAR's Network Radio Service. **Spot TV — prime and daytime** — Cost per 30-second spot, Monday-Sunday from BAR's Spot TV Service.

Consumer Magazine estimate based on reported SRDS cost of a page, four-color in 40 national consumer magazines, as reported by Magazine Publishers Assn. **National supplements** estimate based on published (rate cards) costs of a page, four-color for the national supplements. **Daily Newspapers** estimate based on Newspaper Advertising Bureau report of SRDS costs per agate line of a sample of 788 newspapers weighted to represent the universe. **Business Publications** estimate based on reported SRDS cost of a page, four-color in 48 publications representing 42 business and professional classifications. **Outdoor Posters** based on estimate prepared by Institute of Outdoor Advertising. **Spot radio** index represents cost of a 60-second spot in the top 100 markets from data supplied to Radio Expenditure Reports by major radio representatives.

**How to read: Media Cost Index** reflects latest available costs compared with base year 1977. Percent change shows rate of change from the same month in previous year.

# MEDIA COST INDEX (continued)

Black bars index for 1983; color bars 1984; base year 1977



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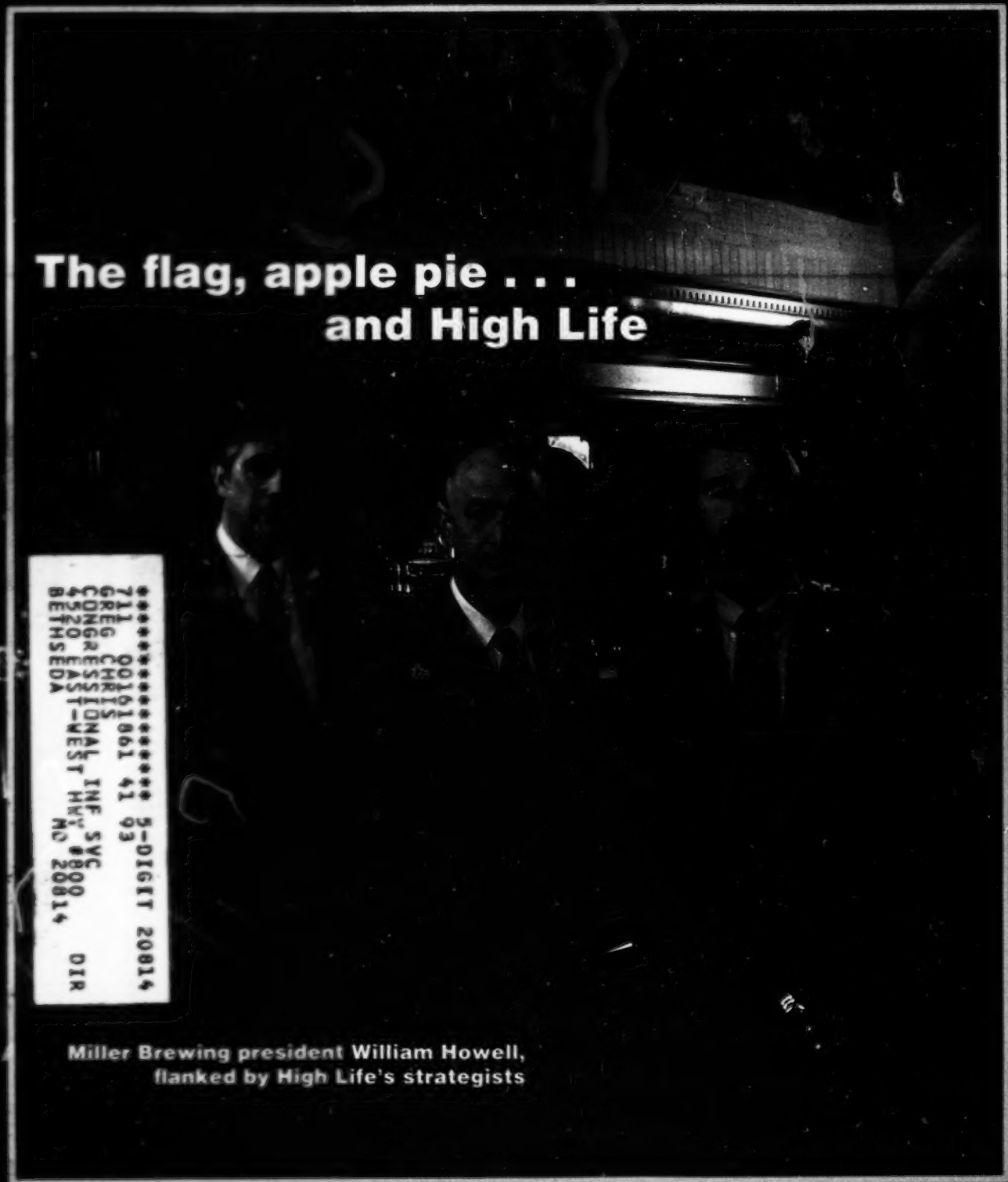
# MARKETING & MEDIA Decisions



## The flag, apple pie . . . and High Life

5-DIGIT 20814
711 G
GREG CHRISTIONAL INF SVC
4CONGR #800
BETHESDA MD 20814 DIR

Miller Brewing president William Howell, flanked by High Life's strategists

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Left to right, vice president of brand management Bob Toledo; Miller Brewing Co. president William Howell; Miller High Life brand manager Jerry Schmutte.

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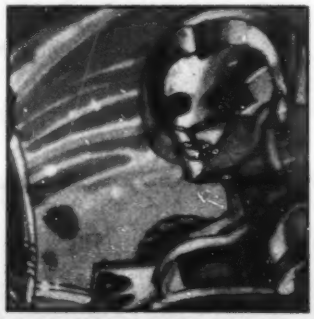

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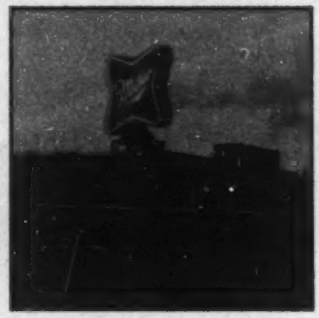

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# UPDATE

## Campbell's cites media winners

The judging is over and the winners are in for Campbell Soup Co.'s first creativity in media awards competition. The winners were honored at a luncheon in New York April 15.

The competition was created to provide recognition for outstanding media work among Campbell's agencies, explains George Mahrlig, director of media at Campbell's. All nine of Campbell's agencies were invited to submit their most creative media strategies that were executed during the 1984-85 year. Campbell's received 16 entries in total, which were then judged by Herb Maneloveg, an independent media consultant; Donald Evanson, director of Marketing & Media Insights; and Ed Papazian, co-owner of TV Dimensions, The Media Cost Guide and *ad forum* magazine. The judges were looking for winners in five categories: most creative overall media plan; and the most creative tactical uses of a single medium for tv, radio, print and out-of-home. No winners emerged in the print and out-of-home categories.

For most creative overall media plan, Needham Harper Worldwide won for its work on Franco-American canned pasta. Needham took the honors because it was the best example of targeting an audience using a relatively low budget. Needham's plan called for daytime network tv and print to introduce a campaign to mothers and their children 2-11, followed by five flights of network radio and spot radio, with daytime spot tv to sustain the effort. Then the agency scheduled 25 weeks of Saturday morning network tv and daytime syndication during the week on alternating weeks to provide strong continuity against the brand's primary consumers.

Backer & Spielvogel won the television category for its work on Red & White Soup. The agency created a Campbell's "Souper Soup Sunday" effort. Sunday was chosen because that's the day that the family is together and interacting. And from a media standpoint, HUT levels are up over the week's average by 6%+, with prime-time ratings enjoying an advantage as well over the weekly average of between 13%-19%. B&S began its Sunday blitz with ads in the Julia Child food section of *Parade* magazine and select independent newspaper supplements. Then, in the afternoon, the agency used a heavy schedule of daytime radio, including long-form programs like *Dick Clark's Countdown*. The effort was capped off with prime-time tv, with eight spots airing Sunday evening consisting of a three-network roadblock; a double-spotting technique employed for half weight, and a vertical spotting technique used for the remainder of the weight, leading in and out of programing.

Finally, CRN Media, a buying service based in Connecticut, won the most creative tactical uses of radio for its strategy for Red & White Soups using radio to tie in with storm reports. (See *Campbell Soup Profile*, "Radio Special Report," April 1985, pg. 110, for more details on the effort.) CRN Media uniquely met the challenge of using radio for the soup during winter storms, reports the judges.

In commenting on the competition overall, Herb Maneloveg congratulated Campbell's for recognizing "the importance of good media planning in this complex, highly segmented marketing world." Maneloveg points out that for certain brands, "proper media selection can almost be as important as the creative message."

## Five hot shots still rolling along

Fallon McElligott Rice's hot streak shows no signs of abating. (See *Can these five hot shots keep their cool?*, April 1985, pg. 48.) Last month the feisty Minneapolis-based agency picked up another piece of new business, adding *Rolling Stone* magazine to its swelling client roster.

FMR's new assignment is to produce a trade and direct mail campaign aimed at media decision makers. The new campaign is expected to break late this month and will position *Rolling Stone* as the leading lifestyle magazine that focuses on the music and cultural interests of affluent 18- to 34-year-olds.

FMR's latest coup comes on the heels of winning the coveted *Wall Street Journal* account from BBDO where it had been for 40 years. On commenting on his choice of agency, Jann Wenner, editor and publisher of *Rolling Stone*, describes FMR's abilities as "tough, explosive, creative."

## Airline ad dollars in newspapers for 1984

Media Records' tallies of advertising dollars in newspapers were not available in time to make last month's brand report on the airlines industry. Figures for full year 1984 show Delta the most reliant on the medium:

| | (000) |
|---|---|
| American | $ 8,824.1 |
| Continental | 12,849.9 |
| Delta | 20,439.7 |
| Eastern | 12,407.7 |
| Midway | 4,881.2 |
| Muse Air | 1,652.5 |
| NYAir | 1,693.5 |
| Northwest | 6,739.6 |
| Pan Am | 3,143.1 |
| People Express | 5,207.4 |
| Republic | 7,941.7 |
| TWA | 8,539.7 |
| United | 5,029.2 |
| USAir | 5,942.6 |

# HOMEWORK

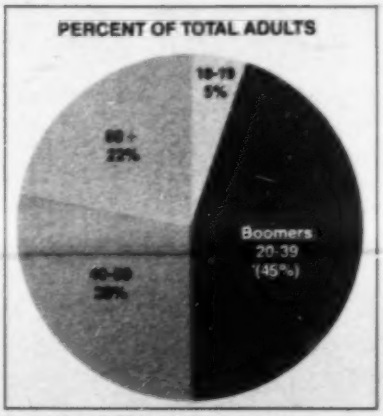
## The *real* baby boomers

A lot has been written about how large the baby-boom generation is and why they are different from their predecessors, but seldom has an outline so succinct been given on the subject as that prepared by Daniel Yankelovich, chairman and founder of Yankelovich, Skelly & White, for *People* magazine's recent baby-boom seminar.

In presenting his case, Yankelovich points out that the baby boomers, when they were fresh out of high school and college, did not understand the concept of scarcity or sacrifice. In particular, they could not grasp the psychology of their parents' depression mentality. What perhaps was most disconcerting to the young baby boomers, according to Yankelovich, was the idea that sacrifices had to be made in personal development or self-fulfillment. Determined to be different from their parents, the baby boomers placed high values on cooperation, friendship, sexual expression, and an emphasis on community.

But as the baby boomers have grown up, this set of values has been replaced by today's more limiting realism. "The boundlessness of the 70's was changed by the aftermath of the Vietnam War and accelerating economic woes. Then in the late 70's, there was a fear that the 'kids would do worse than they did,' " Yankelovich explains. But he adds that today the mood has shifted back to a compromise of both limitless idealism coupled with harsher realism.

In describing who the baby boomers are, Yankelovich points to the group's high level of education and income, which more often than not helps the group enjoy expensive leisure activities. While they are relaxing, he adds, the baby boomers are likely to postpone having children.




Source: 1984 SMRB

Pointing out that the baby boomers also have a high sense of self-actualization, Yankelovich reports that this awareness translates into the unwillingness of the group to give up either expressive or material goals.

What this means is that the baby boomers are unwilling to wait for things they feel they deserve. They also have a hunger for diversity of experiences and a fierce desire for autonomy and independence. These desires are framed by the baby boomers' focus on the body as a work of art. And this narcissistic group yearns for pleasure, not just as something earned, but for just the raw sensation of it. It's not hard to understand, then, the baby boomers' search for peak experiences, whether they be in religion, patriotism or career achievement. The way they achieve these values is through what Yankelovich calls the master concept, defined as encompassing negotiation, balanced but bound by an all-around pragmatic approach.

Unlike their parents, the baby boomers, Yankelovich points out, normally don't look to the Jones's for clues as to how to live their lives, but ask *themselves* what they really want.

Their soul-searching frequently intensifies their already strong demand for quality in products and services. An even more powerful marketing theme, he notes, is the baby boomers' concept of personalized success, determining what's right for them rather than striving to be the best by society's definition. This stress on individual performance doesn't mean, however, that this group fosters an altruistic feeling about the value of work. For the most part, baby boomers work for incentives and will hold back their energies if these are not forthcoming. Yankelovich predicts that the prevalence of this attitude will lead to an acceleration of entrepreneurism. What can't hurt this trend, he says, is the baby boomer's zest for winning.

At the same time, baby boomers have a practical approach to both time and money, Yankelovich says. They view time as a value. They will sleep less and maybe shop once a night. And when they shop, they look for good value. Since they are so conscious of time, however, they will often save themselves wear and tear by spending more on brands that are reliable.

It's assumed that the baby boomers place a high value on the work place, but primarily as the place to achieve creative and material gains. When better offers come — whether it be at work or at home — the baby boomers are likely to jump ship. Not only do they have a sense of limited loyalty, but they have a tendency to cut corners —like beating the IRS.

But Yankelovich, on an idealistic note of his own, predicts that the baby boomer's pragmatism could ultimately lead to a counterwave yearning for idealism. With a greater distance between the haves and the have nots, he believes there will emerge a more desperate struggle to be a have. But at the same time, this will invoke a new hunger for community, but with a balance of emphasis on one's self and concern for the community.

# FUTURES

## Economic outlook from business press

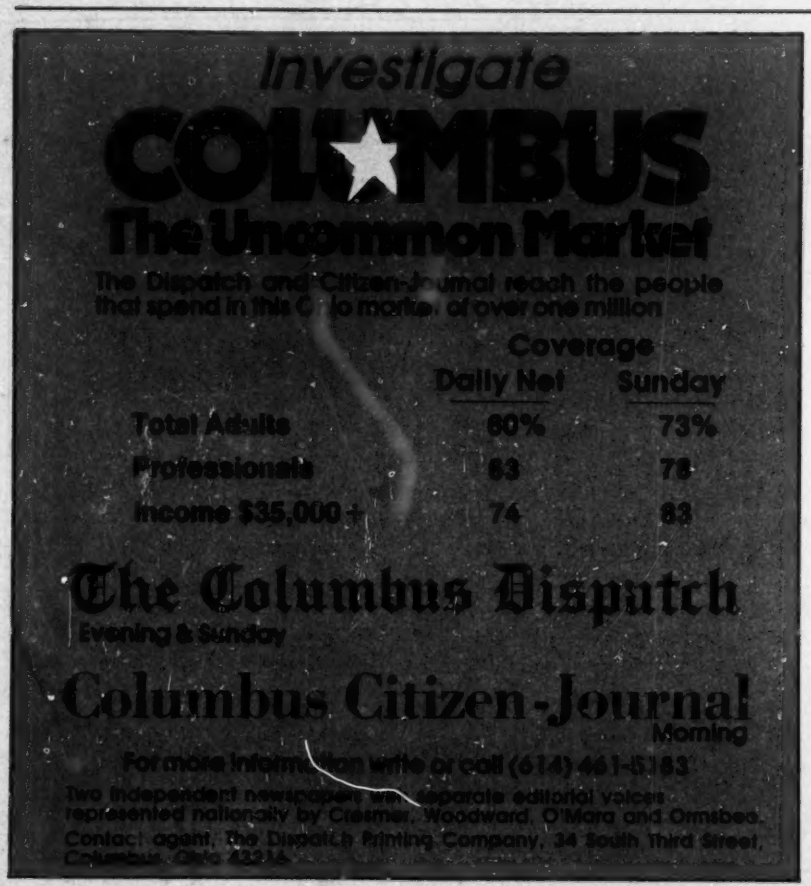
The editors at Cahners Publishing Company and Technical Publishing, which both publish economic forecasts, seem undaunted by the government's weaker first quarter growth figures. Both trade magazine publishers, in separate projections, see the industries they serve enjoying a healthy 1985. So far, however, the pace of the economy as a whole has slowed appreciably from 1984's level, according to the Department of Commerce, which recorded a 2.1% annual growth rate for the first three months of the year. This compares to a 10.1% rate for the same period last year.

Undeterred, Jim Haughey, vice president of economics at Cahners Publishing, sticks to the "fast start/slow finish" scenario many economists predicted before the year began. He believes expansion will continue to year's end. Unlike earlier periods in this expansion, however, Haughey doesn't expect to see "a surge in spending from the usual sources," which include consumer durables, business investment, inventories and exports. Although capital spending is strong, there is a widening gap between spending and capital goods output. More U.S. companies are placing orders for goods and equipment with overseas firms.

The end, as Haughey sees it, will be a different one than in previous business expansions. Peaks in the past decade took a sharp drop, caused by inflation, rapidly rising interest rates, and short supply. This time around, Haughey believes, the material shortages will be tight, but not as tight as before. He projects that the economy will slide into a downturn "without the fact being announced in headlines." By end 1986, the picture should start looking better again — by mid-1987, even the capital equipment sector should look brighter.

Haughey mentions several factors that could put a damper on spending plans, but believes they are all too unlikely to affect his forecast. Massive congressional farm relief, for one, was a short-lived pipe dream — crop prices, therefore, are unlikely to rise. Tax reform with "flat tax" legislation is causing concern, since it would end the boom in nonresidential building. And Haughey seems in line with other economists in predicting a decline for U.S. currency, which began slipping a bit last month in light of European fears over a possible banking crisis erupting here, as well as other factors.

The Cahners projections take a look at several key sectors serviced by that company's publications: residential and non-residential construction, manufacturing, foodservice, and electronics. The economy's burst of energy at the end of 1984 has been a boon to the housing industry, but the Cahners forecast sees problems looming. For one, the over-built multi-unit housing area will probably result in an 18.2% decline in such starts this year. Rising mortgage rates may choke off as much as 10% of single housing starts, bringing the total down to 1.57 million units in 1985. Commercial construction looks uneven: Office construction, spurred by 1981 tax benefits to real

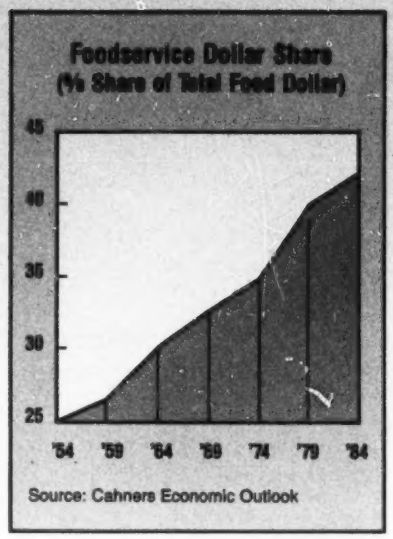


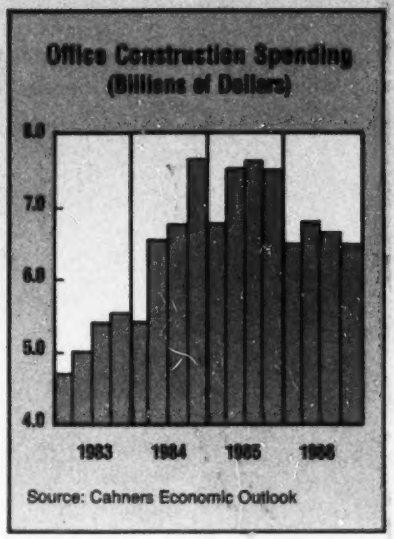
estate investors, is much stronger than the market can bear. According to the report, 80% to 85% of office space under construction in New York and Washington, D.C., is unrented.

Manufacturing will have an erratic track record for the remainder of the recovery, mostly because of the strong dollar and pressure from imports. The outlook for foodservice is decidedly healthier: The forecast calls for the fifth year of consecutive real growth. The good news comes thanks to demographic changes. Two-income families are eating out more, and senior citizens are spending more money on eating out. All in all, Americans spent 42% of every food dollar on a meal away from home last year — the highest level ever.

Electronics' performance will be uneven, predicts Cahners. Strong growth continues in communications and defense equipment. Components, on the other hand, are not faring as well. The report foresees a 9% growth rate, disappointing compared with last year's 27.7% gain.

Technical Publishing, a division of the Dun & Bradstreet Corporation, examines more closely the prospects for heavy manufacturing, technology, energy, and basic industry. According to Joseph W. Duncan, the company's corporate economist and chief statistician, modest economic growth can be sustained throughout the decade *if* there's swift bipartisan action on the deficit. For 1985, he expects to see 3.5% to 4% growth, which he feels is respectable in the shadow of last year's phenomenal 6.8% growth.



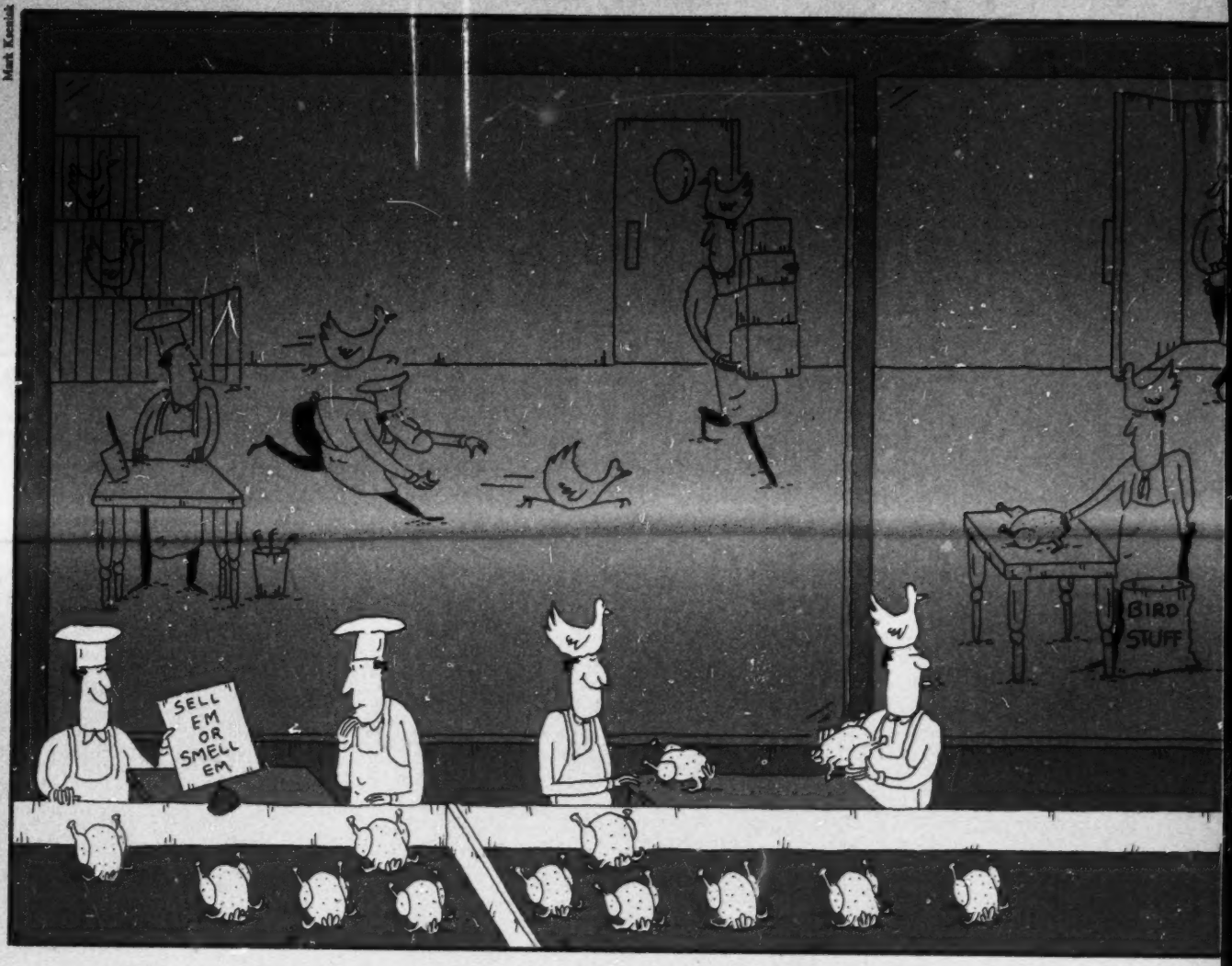

One interesting aspect of the Technical Publishing report is the outlook for R&D. R&D funding is expected to increase 13.4% this year, to $110 billion, or about 3% of GNP. Most of the money is coming from industry: Businesses will kick in $55 billion, or a 12.2% boost from 1984. And even more of the money is ending up in industry: $81.2 billion this year. Universities and their associated research centers will raise $3.5 billion and spend $16.4 billion.

The federal government will put up $51.5 billion, but much of that will end up in academic or business pockets — the government itself is expected to spend $12.4 billion. The report states it would take a significant slowdown in industrial activity and the elimination of federal funding to cut R&D funds.

## Economic Outlook Summary

| | 1985 | | | | 1986 | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Annual Percent Change** | **1Q** | **2Q** | **3Q** | **4Q** | **1Q** | **2Q** | **3Q** | **4Q** | **1984** | **1985** | **1986** |
| Gross Nat. Product[1] | 3.6 | 3.2 | 1.4 | 1.1 | -1.0 | -2.6 | -3.9 | 1.5 | 6.9 | 3.3 | -0.5 |
| Industrial Production | 5.6 | 3.2 | 1.2 | -2.0 | -7.8 | -3.9 | -4.8 | -2.6 | 10.7 | 3.1 | -3.5 |
| Personal Consumption[1] | 3.0 | 2.1 | 1.0 | 0.3 | 1.0 | 0.0 | -1.2 | -0.1 | 5.2 | 2.6 | 0.4 |
| Business Investment[1] | 7.3 | 3.9 | 2.3 | 1.3 | -5.5 | -10.5 | -6.2 | -2.8 | 19.6 | 7.0 | -3.6 |
| Disposable Income[1] | 3.0 | 1.9 | 1.5 | 1.6 | 1.2 | 0.4 | 0.8 | 2.0 | 6.7 | 3.0 | 1.2 |
| Corporate Profits | 8.2 | 6.1 | 1.4 | -4.2 | -18.7 | -22.1 | -2.1 | 4.6 | 14.1 | -1.3 | -9.6 |
| Consumer Price Index | 2.3 | 3.7 | 4.8 | 5.3 | 5.3 | 5.3 | 6.5 | 5.6 | 4.3 | 3.6 | 5.5 |
| PPI (excluding food) | 0.9 | 5.3 | 6.9 | 9.0 | 8.3 | 6.9 | 6.1 | 5.2 | 1.4 | 3.1 | 7.3 |
| **Actual Values** | | | | | | | | | | | |
| Prime Bank Rate[2] | 10.5 | 10.8 | 11.4 | 12.3 | 13.3 | 13.4 | 13.1 | 12.0 | 12.0 | 11.2 | 12.9 |
| Unemployment Rate[2] | 7.3 | 7.5 | 7.6 | 7.8 | 8.0 | 8.2 | 8.3 | 8.1 | 7.5 | 7.5 | 8.1 |
| Housing Starts[3] | 1.71 | 1.59 | 1.50 | 1.47 | 1.42 | 1.47 | 1.56 | 1.66 | 1.77 | 1.57 | 1.53 |
| Domestic Auto Sales[4] | 2.10 | 2.09 | 1.82 | 1.83 | 1.74 | 1.87 | 1.54 | 1.52 | 7.95 | 7.84 | 6.67 |

[1]72$; [2]Percent; [3]Million Units, SAAR; [4]Million Units
Source: Cahners Economic Outlook



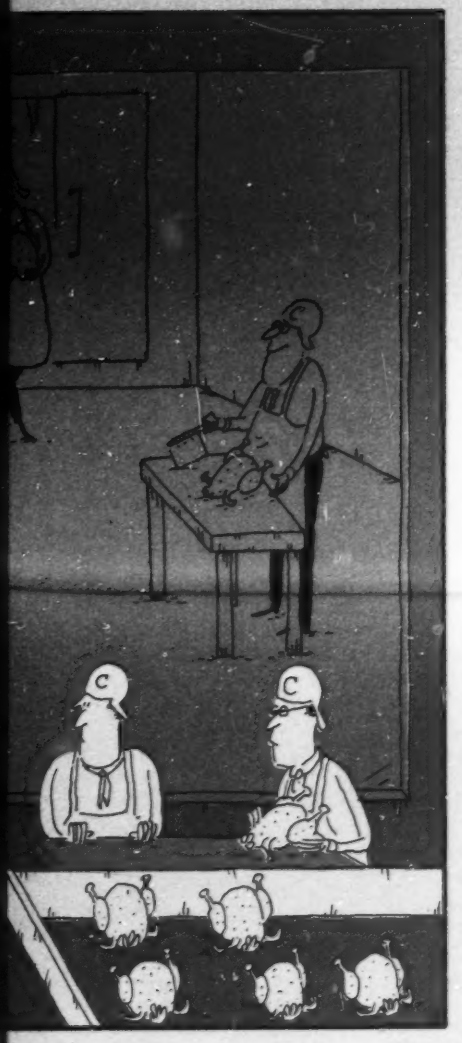

Mark Kenick

# The wishbone offense: branding a commodity

**As producers turn their birds into brands, they're facing formidable marketing challenges. They're also helping retailers do what they like best — move product.**

In the beginning, there was chicken. Just plain chicken. Now, this nondescript bird has evolved into much, much more. For many Americans, it's become part of a health-conscious lifestyle. More important for the nation's chicken suppliers, chicken has become a brand and the meat case a battlefield almost as brutal as the supermarket shelf.

The changing American palate sets the stage for this drama. In ten years, American eating habits have undergone a remarkable transformation that the nation's poultry producers were quick to seize upon. In 1975, the average American ate slightly more than 40 pounds of chicken a year and more than twice that much beef. This year, per capita chicken consumption is expected to hit 54 pounds, bypassing



pork for the first time, and closing in on number-one beef. Industry observers, like the National Broiler Council's director of economic research William Roenigk, believe Americans may be eating as much chicken as beef before the year 2000. While not giving these claims undue credence, the National Beef Council has been running a generic ad campaign for the past 18 months to try and counteract this movement.

Chicken is definitely no longer "just chicken." About 47% of the fresh birds bought in supermarkets, where 60% of the supply is distributed, are branded, a significant increase from 33% just five years ago.

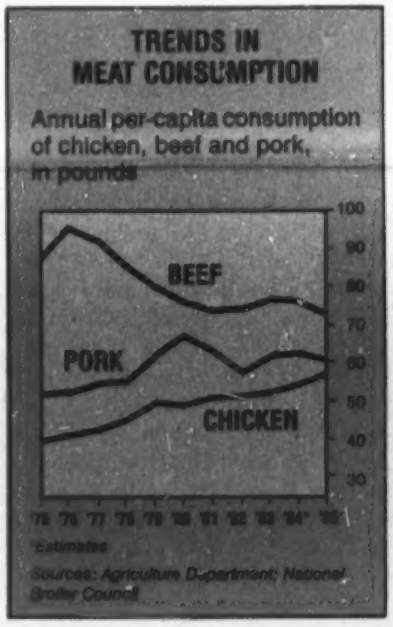
The rapidity of this change belies the difficulty chicken producers have in turning their commodity into a branded product. These marketers are confronted by market conditions that are unique among food producers — conditions that conspire against the creation of a brand in this $4.4 billion market. Profit margins are slim: In a good year, such as 1984, the margin will be three-hundreths of a cent per pound. Feed prices — 60% of the cost of bringing a chicken to market — are variable on an hourly basis.

And a big problem is distribution. There is no national chicken producer — though Holly Farms' 40-state network comes close. One reason is the way most fresh chicken is packaged, in the chill-pack form pioneered by Holly Farms. This refrigerated packaging is preferred to ice-packing, which only lasts three days instead of seven ("There's no market for frozen chicken," notes Bill Rusch, director of marketing at Holly Farms. "People just don't trust that it's fresh."). But chill-packing means the plant has to be within reasonable distance of the market. So the top seven producers, who account for almost all the branded chicken, each have pockets of strength. Perdue Farms, for example, well-known in the Northeast Corridor, doesn't reach past the Ohio Valley. The West Coast is dominated by Foster Farms and Zachy Farms, two California-based growers. Tyson Farms predominates in the Midwest. Other producers such as Cookin' Good and Paramount are known only in New York.

These producers set out to stake their regional claims after recognizing that a branded product commands a higher price and can eventually guarantee volume sales.

"The poultry industry has done a very important thing by putting brand names on products and advertising them," answers Bill Parker, who, as vice president of meat merchandising for Kroger's 1,250 supermarkets, represents the producers' vital link. "They've taught us how to sell [chicken] differently." Indeed, advertising has been crucial to the transformation of the chicken business in more ways than one.

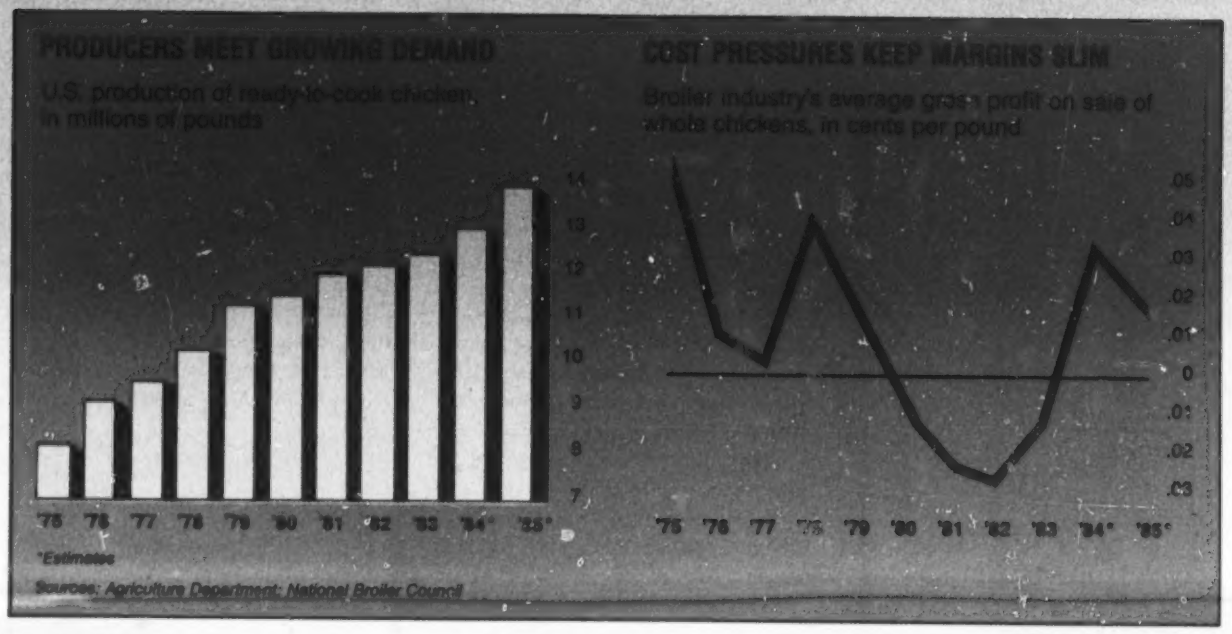
The producer advertises the brand in proportion to its share of market; the supermarket chain, on the other hand, looks to advertising as a determining factor in deciding whether to carry a brand. Holly Farms, for example, bases its media weight and mix on ACV's ("all commodity volume"), a loose measure of the total chicken consumed in areas where supermarkets also carry a particular brand. In a low ACV market (i.e. Atlanta at 20% for Holly Farms), says marketing director Rusch, "a base of television" will do. In higher volume markets (i.e. Washington, D.C., at 70%), Holly Farms increases television advertising and adds radio. Kroger's, one of the chains Holly Farms distributes through, also




carries Tyson's chicken in some stores — but not at the same time. Parker explains that he bases his decision between the two on "where the company is the strongest, and where it is advertising the most."

Television is increasingly being used to augment the big producers' radio and newspaper efforts and to create strong brand awareness. Perdue leads the way in the use of tv with $7 million invested in the medium in 1984, according to estimates based on first-half figures from Leading National Advertisers. This amount was directed at Perdue's area of distribution along a narrow strip from Portland, Me., to Washington, D.C. Number-one producer Holly Farms, in contrast, spent $5 million in tv, again based on projections from first-half figures, as did Tyson Farms.

Each of the major marketers has




been trying to carve out a niche. The rising popularity of chicken parts and processed chicken hasn't gone unnoticed — in fact, doing more work on the chicken before it leaves the plant has been the most popular way of diversifying. "There has been a dramatic shift to parts and processed chicken," comments Roenigk of the National Broiler Council. Half the chicken consumed today, including chicken eaten in such institutions as schools and fast food outlets, is in parts. Another 20% is processed, up from 9% in 1979. But as Holly Farms' Bill Rusch explains, this route has been both a boon and a curse for the produce.

The good news is that there is a higher profit margin in chicken parts for the producer and retailer. Like Perdue's premium whole birds, a cut-up bird, wrapped on a tray, costs the retailer about five cents more per pound, and the consumer, 10 cents more. The bad news is that it's no easy task for the producer to sell as many chickens in parts as he started out with whole. Certain regions have distinct preferences. The Northeast, for example, is definitely breast territory; the Southeast likes dark meat. That means the prices of parts have to be adjusted constantly so that the less expensive wings plus more expensive breasts add up to a round number of whole chicken.

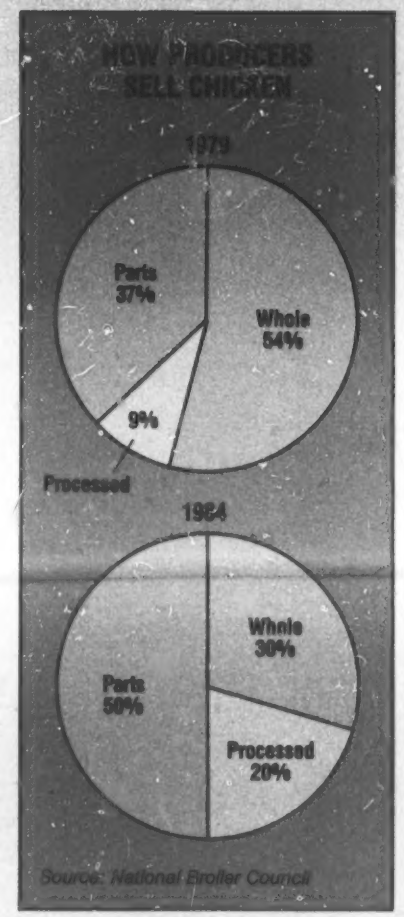
Even more profitable is processed chicken — boneless fillets or, increasingly, such oddities as chicken bologna and chicken franks. This market is burgeoning because products such as a boneless breast take less time to cook, and convenience is increasingly at a premium. Kroger's Parker points to Tyson as a leader in this area. "They are light-years ahead of the industry in taking chicken and giving you another product out of it," he says. Buddy Wray, Tyson's director of marketing, says the company is eager to see a greater part of its supermarket business (40% of the company's total distribution) come from such products. In fact, Tyson's has just begun testing a line of chicken entrees in nine markets, "scattered from Tampa, Florida, to Seattle, Washington." Unlike the rest of Tyson's line of advertised products, this line is pre-cooked and packaged "to compete with Lean Cuisine" and other frozen entrees.

DINAH SHORE FOR HOLLY FARMS
DIRECTOR: Cut!!! OK, Dinah. Crew, out for lunch.
DINAH: OUT??? Hey fellas wait, don't go out...no. I got these new Holly Farms Chicken Nuggets...
they're fresh and they're made from fillets...there's nothing like 'em...don't go guys.
DIRECTOR: But there's not enough, Dinah.
DINAH: Well, I already stir-fried some
and I got some golden fried Chicken Nuggets- and I can do some more real fast...
I did those real fast, I can do some more real fast...thank you, sweetie.
Uh, they're Time Trimmers you know...
DIRECTOR: Good, then do a fast ending.
AMERICA IS COOKIN' WITH HOLLY FARMS
DINAH: Of course. America is cookin' with Holly Farms Time Trimmer Chicken fast.
DIRECTOR: That's too fast!
DINAH: Not as fast as they can eat 'em ...don't wait for the plates fellas!

*Holly Farms likes Dinah Shore for her familiarity as an entertainer.*

Holly Farms is also moving into processed parts with its nuggets. Dinah Shore, Holly Farms' spokeswoman, is promoting the new product in a $6 million campaign. Rusch notes that, because the product is primarily intended for convenience-seekers, more of the budget is going into drive-time radio than Holly Farms usually uses for its other chicken products. Interestingly, most marketers use a spokesperson to identify their product — Tyson uses Tom T. Hall, country-western singer, and Perdue, as most East Coasters know, uses its unforgettable founder.

Perdue's approach to the market is slightly different from most branded producers. Rather than try to wrangle out exclusive relationships with retailers, Perdue aims for a 15% to 20% segment of the chicken counter. The theory is that a Perdue chicken is a premium bird that can peacefully coexist with unbranded products. For this privilege, the company charges retailers about five cents more per pound; the supermarket, in turn, ups the price 10 cents per pound. "Typically," notes president Thomas Shelton, "we sell our chicken on the two-chicken system." Just in case the consumer hasn't caught on, Perdue has just started airing new commercials drawing attention to the fact that the parts sitting next to Perdue's may be an unbranded, ostensibly inferior product. The next step is "adding more value to our product," says Shelton, which he aims to do by selling more boned and even cooked product. And, as of last July, Perdue Farms became the proud owner of Shenandoah company, a turkey producer with a further-processing plant that delivers items such as turkey breasts to foodservice outlets and retail stores. "At some point," says Shelton cryptically, "we may look at the foodservice market for our chickens, especially with our entry into further-processing. The foodservices are the biggest piece of that business. But it's a new area for us."




Out on the West Coast, Foster Farms' director of marketing, Tom Orr, has been applying similar strategy to his branded products. He explains that Foster Farms is content to be the premium supplier of fresh chicken and such processed meats as franks and ready-to-eat meat. "There are two consumers out there, the price shopper and the premium shopper, even in low-income areas," he says, adding that he doesn't believe brands can overtake more than 50% of the market on a national basis. "On the one hand, chains don't switch their branded suppliers as often as they do their commodity suppliers — all you have to do is keep your brand franchise healthy. But the proportion of branded chicken changes market to market, because each one has a retailer trend in how they promote." He adds with a chuckle, "I don't think anyone in our industry is ever bored."

Is there any chance of a truly national brand of chicken? It would be difficult to pull off. Distribution through retail outlets leads to a definite buyers' market — and the stores like to keep it that way. Most supermarkets don't like to carry more than two types of chicken, usually a branded product and a private label or unbranded chicken at a lower price. These contracts are forged on an exclusive basis — the 1,250-store Kroger chain, for example, carries only Holly Farms and Tyson birds. The supermarket's position is strengthened several ways. In

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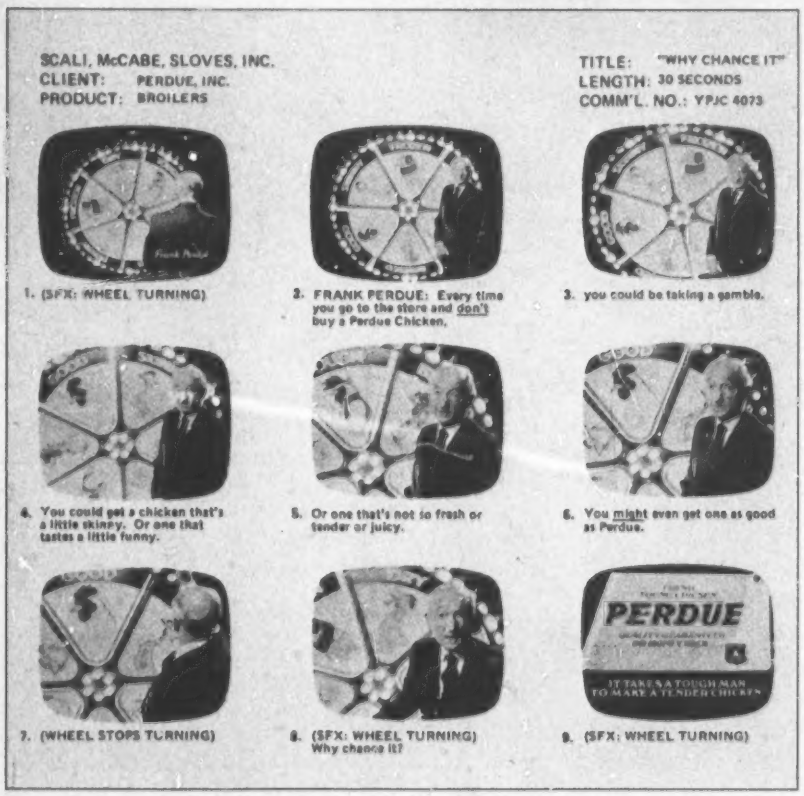
SCALI, McCABE, SLOVES, INC.
CLIENT: PERDUE, INC.
PRODUCT: BROILERS
TITLE: "WHY CHANCE IT"
LENGTH: 30 SECONDS
COMM'L. NO.: YPJC 4073
1. (SFX: WHEEL TURNING)
2. FRANK PERDUE: Every time you go to the store and don't buy a Perdue Chicken,
3. you could be taking a gamble.
4. You could get a chicken that's a little skimpy. Or one that tastes a little funny.
5. Or one that's not so fresh or tender or juicy.
6. You might even get one as good as Perdue.
7. (WHEEL STOPS TURNING)
8. (SFX: WHEEL TURNING) Why chance it?
9. (SFX: WHEEL TURNING)
PERDUE
IT TAKES A TOUGH MAN TO MAKE A TENDER CHICKEN

*A well-known face in the Northeast Corridor, Frank Perdue talks chicken.*